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A SPECIAL REPORT: PRIVATE BANKING

TODAY:

President Bill Clinton and President Jiang Zemin of China during ceremonies at the White House on Wednesday.

Joyce Naltchayan/Agence France-Presse

Greenspan's Soothing Words

Fed Chief Says Jolt Put Markets 'Less Out of Line'

By Mitchell Martin
International Herald Tribune

NEW YORK — Alan Greenspan, chairman of the Federal Reserve Board, offered some soothing words to Wall Street on Wednesday, saying that the recent turmoil in financial markets could hold long-term benefits for the American economy, and that it did not spell the end of Asia's booming growth.

"Things are less out of line" after the steep plunge Monday in the U.S. stock market, Mr. Greenspan told Congress. His testimony came less than a year after he sent share prices tumbling by warning lawmakers of "irrational exuberance" on Wall Street.

Mr. Greenspan said the recent drop in equity markets "will tend to damp" the "unsustainable pace" of job creation and that this should keep the U.S. economy growing moderately.

Mr. Greenspan told the Joint Economic Committee of Congress that "the financial disturbances that have afflicted a number of currencies in Asia do not at this point, as I indicated earlier, threaten prosperity in this country."

Mr. Greenspan also said "there is no reason" that "above-average growth" in countries capable of applying appropriate technology could not persist for "a very long time."

But Mr. Greenspan warned Asian nations that, in many instances, their financial systems were "less than robust," and he said that they faced problems of "lax lending standards, weak supervisory regimes and inadequate capital."

He said: "We need to work closely with their leaders and the international financial community to assure that their situations stabilize. It is in the interest of the United States and other nations around the world to encourage appropriate policy adjustments and, where required, provide temporary financial assistance."

At the same time, he discouraged the idea of financial aid to companies and investors who had suffered from the region's recent financial turmoil.

When Asia's rapidly growing economies stumble, he said, "companies should be allowed to default, private investors should take their losses, and government policies should be directed toward laying the macroeconomic and structural foundations for renewed expansion."

Financial markets interpreted his remarks as indicating that Fed policymakers were not likely to raise interest rates when they meet next month, and this interpretation pushed up the stock and bond markets at first and slightly depressed the dollar. The yield on the 30-year Treasury issue fell to 6.21 percent from 6.24 percent after Mr. Greenspan assuaged inflation fears.

His testimony followed a roller-coaster ride in stock markets around the world. After a record 554-point drop in the Dow Jones industrial average Monday — which followed

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China and U.S. Reach Nuclear Deal

By Brian Knowlton
International Herald Tribune

WASHINGTON — Turning the page on years of traumatic differences, President Bill Clinton warmly welcomed President Jiang Zemin to the White House on Wednesday, and the two reached agreement on a nuclear accord that may open the Chinese market to the sale of billions of dollars in U.S. nuclear reactors.

Mr. Clinton said he would certify China is not exporting nuclear technology for weapons development, particularly to Iran. China has provided "clear assurances" on this point, he said.

"This agreement is a win-win-win," Mr. Clinton said. "It serves America's national security, environmental and economic interests."

"It is the right thing to do for America," he said.

The deal would allow a 1985 U.S.-China Nuclear Cooperation Agreement to go into effect and let the U.S. nuclear industry sell billions of dollars' worth of reactors and technology.

Speaking at a joint news conference, Mr. Jiang refused to apologize for the 1989 Tiananmen crackdown on pro-democracy demonstrators, saying it was "necessary" to ensure continued reform in China. He said that the demonstrators had seriously disrupted civil order and that the Chinese government "had to take necessary measures according to law to ensure that our country enjoys stability and that our reform and opening up could proceed smoothly."

Mr. Clinton said he and Mr. Jiang had discussed human rights at length on Tuesday evening and disagreed in their interpretation of the events in Tiananmen Square in Beijing.

"I believe that the continuing reluctance to tolerate political dissent has kept China from politically developing the level of support in the rest of the world that otherwise would have been developed," he added.

"The United States recognizes that on so many issues China is on the right side of history," Mr. Clinton said, "and we welcome that, but on this issue we believe the policy of the government is on the wrong side of history."

Earlier, the White House welcoming ceremony featured full state honors and a 21-gun-salute for the visiting Chinese leader. A red carpet, military honor guard and fife-and-drum corps awaited Mr. Jiang and his wife, Wang Yeping, when they arrived on the most important visit by a Chinese leader since Deng Xiaoping came in 1979.

Mr. Jiang, speaking at the opening ceremony in a strong and confident voice, said that the Chinese people had sent him to Washington to "enhance mutual understanding, broaden common ground, develop cooperation and build a future together."

The Chinese leader surprised listeners at the end of his brief speech by

See SUMMIT, Page 4

Iraq Bans American Monitors

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — The government of President Saddam Hussein said Wednesday that it would bar Americans and American aircraft from working in Iraq with the international team monitoring the destruction of prohibited Iraqi weapons.

The decree is to take effect next Thursday, but the UN immediately announced the temporary suspension of all weapons inspection operations in Iraq.

In an announcement in Baghdad and in a letter to the United Nations Security Council and to the head of the inspection commission, the Iraqis stopped short of carrying out a threat to end all cooperation with the monitors.

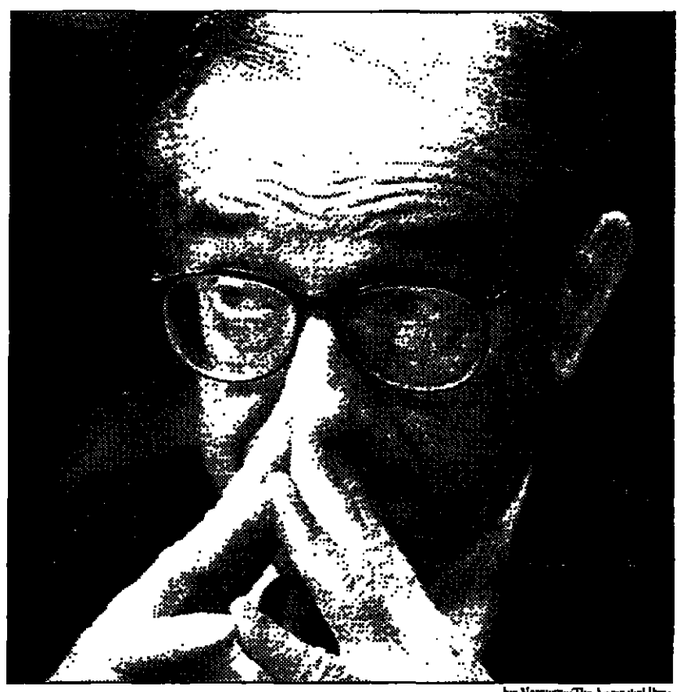
But banning Americans, on whose technology a large part of the monitoring operation depends, would create problems for the team, led by Richard Butler, an Australian arms-control expert.

Iraq appears intent on weakening surveillance and further dividing world opinion on continuing sanctions on Iraq. The United States and Britain strongly supported the sanctions, but not all countries are convinced they are justified.

"Iraq has endured multifarious acts of injustice and many deliberate abuses by the American inspectors and experts and those personnel of the Special Commission who implement the American policy," Tariq Aziz, Iraq's deputy prime minister, wrote in the letter sent to the Security Council on Wednesday.

Ten Americans are in Baghdad as part of the 100-member UN team. They have been given a week to leave, a government television broadcast said in Baghdad. Two other Americans are in Bahrain, the base for the Iraq operation, which is armed with the latest surveillance tech-

See IRAQ, Page 4



Joe Marquette/The Associated Press

Alan Greenspan, Fed chairman: "We need to assess these developments."

Asian Rally Fails to End Fear of New Stock Drop

By Philip Segal
Special to the Herald Tribune

HONG KONG — A rebound on Wall Street sent stocks here soaring a record 18.8 percent Wednesday, but traders warned that the market was vulnerable to an equally violent drop because the territory still had unusually high interest rates designed to fend off currency speculators.

The benchmark Hang Seng Index rose by 1,705.41 points — a record — to 10,765.30. But the market remains substantially down from its all-time high of 16,673.27 on Aug. 7. Even with Wednesday's rally, the index has lost 28.8 percent in October.

Elsewhere in Asia, the recovery from the stock-market bloodletting earlier in the week was more restrained, reflecting in some cases the still greater security felt by investors in Hong Kong because of the Hong Kong dollar's fixed exchange rate against the U.S. dollar. Governments in the rest of the region have greatly devalued their currencies in the past four months, and some regional markets have lost 40 percent since then in local currency terms alone.

Australia's All Ordinaries Index surged 6.3 percent Wednesday. New Zealand's Top 40 index rose 9.93 percent, Philippine stocks rose 4.35 percent, and the Jakarta benchmark index was up 5.37 percent.

Singapore's Straits Times Industrials index rose a comparatively feeble 2.96 percent, and Malaysia's major stocks rose by 2.34 percent. Markets in Thailand and Taiwan fell once more, victims to worries over the possibility of further currency depreciations.

While acknowledging that some retail investors had returned to the Hong Kong market, some said volume was low for a record-setting day, at less than 26 billion Hong Kong dollars ($3.36 billion). Traders also attributed some of the gains to derivatives-linked buying, as the Hang Seng Index's October futures contract expires Thursday.

Investors who had been betting on a market fall Wednesday bought stock to offset their positions, traders said.

"A speculative attack need not necessarily be a negative thing," said Nial Gooding, head of sales at Schroder Securities (Asia) Ltd. "Today we were

Japan and Australia to join IMF plan for Indonesia. • Thailand seeks to renegotiate aid. Page 13.

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On Bosnia, Clinton Edges Toward Longer Mission

Aides Debate Number of U.S. Troops to Stay

By Steven Erlanger
New York Times Service

WASHINGTON — The Clinton administration's top foreign policymakers have reached a broad consensus on the need to keep some American troops in Bosnia after their current mission ends next June, according to senior administration officials and Western diplomats.

President Bill Clinton has made no decision on the matter, the officials emphasized. But they said the real debate in the cabinet now is over how many troops should remain and what their roles should be — and how to present Mr. Clinton's decision, when he finally makes it, to Congress and the American public.

"There is now broad agreement on leaving some people there," a senior administration official said Tuesday, adding that there was a thorough discussion of Bosnia among major cabinet members in the White House late last week. "But there is no decision on what kind of mission, and then the military would have to work out the numbers of troops required."

Mr. Clinton's decision on Bosnia is one of the most delicate of his second term. Originally, his administration said American forces would be withdrawn from Bosnia by December 1996, then, just after the November 1996 election, he extended their mission to next summer.

But in the last several months, senior officials have tried to lay the groundwork for a continuing American involvement in Bosnia.

A decision to extend the mission again could create political problems for the Clinton administration. Officials are eager to bring Congress along and not to offend the legislators, some of whom have long clamored to bring American troops home.

The policy discussion among top administration officials pushes the United States closer to a decision to keep troops in Bosnia, but it also keeps the president above the political argument for now. Mr. Clinton's recent discussions about Bosnia with cabinet members have been in less formal settings, officials said.

In a formal meeting late last week of the relevant cabinet secretaries, including from the State Department, Defense Department and the Treasury, there was a discussion of the current situation in Bosnia and agreement to examine at least three options for a military follow-on force to the NATO-led Stabilization Force, whose mandate ends in mid-1998, the officials and diplomats said.

See BOSNIA, Page 4

U.S. Trading Had Glitches, But Not as Many as in '87

By Saul Hansell
New York Times Service

NEW YORK — On the first day that the New York Stock Exchange ever handled more than 1 billion shares, small investors bumped up against agonizing delays in getting through to their brokers. But the delays were still an improvement on the unbreachable wall of silence that greeted desperate sellers in October 1987.

The difference was that brokerage firms were better prepared for the onslaught of orders. More people were ready to answer more phones, and online systems that did not exist a decade ago processed a huge number of trades.

But 1.2 billion shares is a lot — and glitches abounded.

"I've been waiting for this moment to do some bargain buying, and I wasn't able to," Matthew Barlow, an investor in New York, said Tuesday.

He said he had been unable to connect to his Internet trading account with Fidelity Investment Co., a unit of FMR Corp. The phone line to reach a broker was busy, and even the touch-tone trading system crashed, he said.

"I was so frustrated I left work and went to the Fidelity investor center on Park Avenue, and they said they couldn't help me because they couldn't get through either," he said.

Tuesday night, for the second night in a row, Fidelity was unable to calculate closing prices for many of its stock funds by the deadline required to include them in newspaper tables. A Fidelity spokesman attributed the problem to the heavy trading and large movements in prices of many securities.

Investors throughout the United States had similar experiences. Telephone lines at big discount brokerage firms were backed up, especially at the beginning of the day. At Charles Schwab & Co., customers who could get through on the telephone spent as much as 25 minutes on hold.

Other customers simply heard busy signals. Schwab handled 300,000 trades and 1.2 million other inquiries.

Fidelity answered a record 700,000 calls Monday and more than that Tuesday, releasing hundreds of employees from other duties to handle the crush.

Stockbrokers took longer to deal with clients' calls because their firms' computers were bogged down. Smith Barney Shearson even had to turn off its system for nearly half an hour in the middle of the day to switch to a different system that could handle higher volume.

Even the Internet trading systems, which have promised investors more immediacy and control, rebuffed some orders with cryptic messages such as "server not available." The on-line

See GLITCHES, Page 4

AGENDA

How Arafat Sees It

RAMALLAH, West Bank (Reuters) — Yasser Arafat, the Palestinian leader, said Wednesday that U.S.-arranged peace talks with Israel would be a "waste of time."

Mr. Arafat said talks set for this week in Washington between Foreign Minister David Levy of Israel and Mahmoud Abbas were a meeting "simply for the sake of meeting: No more, no less."

The NBA season begins Friday. It could be the last year of the Michael Jordan era. Can his Bulls win one last championship? What will happen to the league when it loses His Airness? Page 22.

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The IHT on-line www.iht.com

The Dollar

New York	Wednesday @ 4 P.M.	previous close
DM	1.728	1.7413
Pound	1.6727	1.6658
Yen	120.72	120.475
FF	5.7901	5.832

The Dow

change	Wednesday close	previous close
+8.35	7506.67	7498.32

S&P 500

change	Wednesday @ 4 P.M.	previous close
+3.01	919.19	916.18

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Great Britain	£ 0.90	Saudi Arabia	10 SR
Egypt	£E 5.50	S. Africa	R12 + VAT
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kenya	K. SH. 160	U.S. Mil. (Eur.)	$ 1.20
Kuwait	700 Fils	Zimbabwe	Zim.$30.00

Mars Probe Faces the Cold Truth

By Kathy Sawyer
Washington Post Service

WASHINGTON — On the chill, dusty badlands of the Ares Valley on Mars, the Pathfinder lander sits idle, waiting for instructions from home. About 10 meters away, the pint-size rover Sojourner, like a lost child naively confidant of rescue, is probably circling the mothership slowly, clockwise, awaiting a signal that may never come.

The thrills of summer, when the space probes bounced triumphantly onto the surface of the Red Planet, have turned to autumnal silence, as hope fades that communications with the robots can ever be restored. It is believed they are suffering from extreme cold.

The last contact was on the morning of Oct. 7. Since then, controllers on Earth have almost exhausted the potential solutions, according to the mission manager, Richard Cook of the Jet Propulsion Laboratory in Pasadena, California.

"The odds are dimming rapidly," he said, "that we'll be able to get anything back."

Pathfinder's handlers knew this day would come. The lander's primary mission was officially only a month long; the rover's just a week. Based on their early success, the team had expected the robots might keep working much longer. The $266 million project's operations are funded until August 1998. Engineers had predicted, however, that eventually the stress of the harsh Martian temperatures would cause something to fail.

Now, according to the project manager, Brian Muirhead, the possibility exists that an "unrecoverable problem" has occurred.

The magic phrase the controllers are eager to see displayed on their computer screens is "in lock," indicating that the spacecraft's receiver has locked on to a signal transmitted through a Deep Space Network radio dish antenna in Canberra, Australia, Mr. Cook said. Once this happens, controllers could send commands instructing the lander to turn on its transmitter and transmit word of its condition back to Earth.

Pathfinder teams working at control rooms in Pasadena and Denver will keep experimenting with possible solutions for at least another couple of weeks, Mr. Cook said, before they conclude their options are exhausted.

"It's something we're all not very happy about," he said. "But we try to

See MARS, Page 4

Tiny EU Hopeful / **'We Will Not Be a Big Problem'**

Slovenia Pursuing Its European Future

By Barry James
International Herald Tribune

LJUBLJANA, Slovenia — For Klemen Ramovs, an internationally renowned recorder player and organizer of the early music festival at Brezice in southern Slovenia, Europe is like an orchestra. Just as the humble triangle has its place in the mightiest symphony orchestra, the voice of Slovenia is needed, Mr. Ramovs says, to make Europe's harmony more complete.

With only 2 million inhabitants in a country about half the size of Switzerland and with a gross domestic product equal to 0.3 percent of the European Union's, Slovenia is making a huge effort to join the 15-nation bloc, despite fears that its distinctive identity might be swamped.

"In the European Union you can be what you want to be," Mr. Ramovs said. "If you have good ideas, you don't have to fear being small."

Nestled between Italy, Austria and Hungary on the sunny side of the Alps, Slovenia declared independence six years ago and managed to escape the conflagration that engulfed fellow republics in the former Yugoslavia. Having failed to join the North Atlantic Treaty Organization, Slovene leaders see EU membership as their best guarantee of national security. Predominantly Roman Catholic and a part of the Hapsburg Empire for hundreds of years, Slovenia sees itself as a part of Western Europe and not of the conflictual Orthodox and Muslim world to the south.

"The future for us is Europe," Prime Minister Janez Drnovsek said. That includes European Monetary Union membership.

"We can already meet some of the criteria, the most difficult ones, and I think we will be able to meet the others within a couple of years," he said.

The inflation rate of 9.6 percent a year and real interest rates of up to 16 percent are higher than the criteria established by the Maastricht treaty. But Slovenia is comfortably within the limits on public debt and deficit — in fact, in these areas, it has performed better than Germany.

The European Commission, the EU's executive body, gave Slovenia high marks this year for its progress toward democracy and a market economy, including it among six East and Central European countries it recommended for EU membership. The others were the Czech Republic, Estonia, Hungary and Poland.

In December, EU heads of state and government will decide whether to admit the six or start negotiations with the five other Eastern nations that failed to win a recommendation — Bulgaria, Latvia, Lithuania, Romania and Slovakia. Some governments argue that it is necessary to open negotiations with all the Eastern and Central European nations at once to avoid creating divisions, but this would sorely test the EU's finances and structures and could take many years to accomplish.

"We can understand the disappointment of being left out," Mr. Drnovsek said, "but I hope we will not have to wait for the others. If we had finished our negotiations and then had to wait another two or three years for others to complete theirs, it would be very hard to explain to the Slovene population why it should be so."

Slovenia lost 70 percent of its markets at a blow with the collapse of Yugoslavia, where, with 8 percent of the population, it produced more than 20 percent of the GDP and some 30 percent of hard currency exports. The country has successfully redirected its trade so that it now exports 65 percent of production to the European Union.

Janez Bencina, general manager of International Business Machines in Slovenia, said that with some 600 software companies, the nation was far ahead of the rest of Eastern and Central Europe, although it lags a couple of years behind the European Union.

"It is one of the world's top Internet users with 25 percent of companies connected," he said. "The IBM home page gets 10 times more hits from Slovenia, relative to the size of the population, than any other country."

Barry James/International Herald Tribune

Ljubljana's symbol and a modern addendum on Dragon Bridge. Slovenia portrays itself as a West European, and not Orthodox or Muslim, country.

Many Slovene companies work as subcontractors to industries in Italy and Germany, as well as producing under their own brands. With a singular Slavic-rooted language, Slovenes have had to adapt, and learn other tongues — typically English, but also German and Italian.

"We see it as a gateway country," Mr. Bencina said. "It's flexible. It's well-placed between east and west and between north and south. It has a good education system. Productivity is high. The people are like northern Italians, quiet and helpful."

And the drawbacks? "Slovenes work smart, but they don't work very hard," Mr. Bencina said. "Companies here can work with higher margins, but that's only because there is no competition."

He said a general reluctance to admit foreign investment and ownership reflected a fear of "being owned by someone, of losing identity."

Slovenia privatized the formerly worker-owned economy by distributing vouchers that made it possible for workers to retain control of many companies, preserved the nomenklatura by turning former managers into owners and kept international investors at arms length.

Although Slovenia is the highest rated country in the Eastern and Central European region by the three leading international credit rating agencies, Ljubljana continues to restrict foreign investments, fearing that large capital inflows could swamp the national currency, the tolar. The stock exchange is rudimentary, with only 26 blue-chip companies listed on the main board, and pickings are slim. The four foreign-owned banks (out of a total of 28) hold only 5 percent of the market.

Finance Minister Mitja Gaspari said full liberalization of capital movements would be completed by 2000 or 2001.

"The banking and financial sector is stable," he said. "There is no crisis nor an indication of one. It is better to be a bit slow in opening the market while trying to set up professional and competent supervision, which in my opinion is a precondition for setting up a successful private sector."

The president of the central bank, Franc Arhar, said that despite the fact Slovenia took over an important part of the Yugoslav public debt, it had a "very symbolic" current deficit of $80 million, with $4.5 billion in foreign reserves and 4 billion Deutsche marks ($2.3 billion) on deposit.

"Our aim is to get inflation down to the European level," he said.

Restrictions on capital movements and foreign investment will, of course, have to disappear as the country prepares for EU membership.

Slovenia has a per capita income approaching 60 percent of the EU average. High unemployment is mitigated by the fact that many people run small farms on the side. There is a good health and preventive health system and a very high standard of health benefits. Labor costs are high — about 50 percent to 60 percent the level in Germany but double those of Hungary. People enjoy a high standard of living.

Slovenia is, as one diplomat put it, "a very cozy little place."

Yet a majority of the population is thought to be in favor of EU membership and opening the country to the cold winds of competition, and the belt-tightening this may entail.

"The EU is respected and admired," Mr. Bencina said. "For the sake of yourself and for your children, you want to be a part of it."

With or without EU membership as the lure, Slovenia is carrying out the reforms it considers necessary to become an open market economy.

"We want to become a market-oriented economy of the European type with or without EU accession," said Janez Potocnik, director of the Institute for Macroeconomic Analysis and Development. "If in doing this we achieve the criteria of the EU, so much the better."

A serious problem in reaching the standards for joining the EU, said Marija Adanja, acting director of the government's Office for European Affairs, is the shortage of skilled people to deal with a mountain of EU legislation. She said the government had to translate some 80,000 pages of Union legislation into national law in order to take on the European Union's membership obligations.

Mr. Drnovsek said Slovenia would make few demands on Europe.

Unlike some of the other candidates, which have large farming sectors that could place a heavy burden on EU finances, Slovenia is more than half forested, and it has only 70,000 full-time farmers, a figure that the government secretary for European affairs and agriculture, Franc But, said would probably drop to about 40,000 in the next few years.

"We suspect that we will not be a big problem for the EU, and that the EU will not be a big problem for our farmers," Mr. But said.

Should Airlines Ask About Next of Kin?

By Matthew L. Wald
New York Times Service

WASHINGTON — A study group on how to assist families of plane-crash victims recommended Wednesday that airlines and travel agents be required to ask people who buy tickets for the name and telephone number of someone to call in an emergency.

The panel's report also recommended extending the 30-day period after a crash during which it is illegal for airline insurance companies and lawyers looking for clients to speak with bereaved families.

It also recommended that reporters stay in certain areas at crash scenes and avoid approaching family members except in designated areas.

Survivors and relatives of crash victims have criticized the airlines and the government for insensitivity and incompetence, particularly after the crashes last year of Valujet Flight 592 in the Florida Everglades and of TWA Flight 800 off Long Island in New York state.

The study group, created under the Aviation Disaster Family Assistance Act that Congress approved last year, has 22 members, representing victims' family groups, airlines, the Red Cross and various federal agencies.

The recommendations will go to Congress, government agencies, airlines and news organizations.

The airlines say they will issue a dissent from the recommendation on emergency contacts. In a test in May and June, several airlines tried asking passengers for that information but encountered problems, said James Casey, the vice president and deputy general counsel of the Air Transport Association, the trade association of the big airlines.

Mr. Casey said: "You ended up getting into a dialogue with a passenger, who said: 'Why are you asking me this? What's it going to be used for? Is there a problem with the flight?' "

The report says that in the hectic period after a crash, having the information would speed notification. The airlines suggested recording only a contact number, and not a name, but the report says that "awkward situations could result that could make notification difficult and time-consuming."

Airlines would be required to ask for the information, but passengers would not have to provide it to board the plane. The recommendation could be made binding on the airlines by the Transportation Department.

The study group also called for the airlines to make public information even before they are sure who was on a plane. Most airlines will not tell relatives whether an individual had a reservation until the airline is certain that the person boarded.

The airlines said they did not want to present any "unverified" information that might turn out to be wrong.

Some of the recommendations in the report deal with aspects of crashes that have become bitter points for relatives. It calls for airlines to go to greater pains to return victims' personal effects to their families.

The report also says that family members have accused airlines of asking them "questions regarding the habits and lifestyle of the deceased, ostensibly for purposes of identifying the remains," when the real reason was to prepare for a court case in which the passengers' life expectancy is at issue.

The report said reporters should respect the privacy of families after a crash. It noted that a relative of a passenger on TWA Flight 800 said a reporter tried to pass herself off as a family member at the accident site.

Wider Sharing of Flight Data Is Sought in U.S. to Aid Safety

By Don Phillips
Washington Post Service

WASHINGTON — The head of the Federal Aviation Administration, Jane Garvey, says her agency will propose giving airlines and pilots immunity from penalties for information they agree to share with the agency from flight data recorders.

In a later rule, she said, the agency will propose exempting the information from the Freedom of Information Act.

Airlines, pilot unions and safety groups have sought the rules as a way to encourage a promising safety information program that is routine in Europe but is only now taking its first tentative steps in the United States.

The program, called Flight Operations Quality Assurance, routinely gathers a mass of data from flight recorders to identify unsafe practices and determine where improvement is needed. Programs such as this "are the key to enhancing safety, and lowering the accident rate," Ms. Garvey said.

Normally, flight data recorders are used in the United States only after crashes as a part of the investigation. However, modern flight recorders collect a huge amount of information that is routinely erased but which could be used to prevent crashes.

The Air Line Pilots Association has traditionally fought the idea on the basis that it might be used to penalize pilots. And airline legal departments have feared the information might be used against the airlines in litigation or by the news media.

Despite these qualms, fledgling programs providing for the release of flight data have been initiated under a demonstration study backed by the Federal Aviation Administration, beginning with United Airlines, under separate labor-management agreements. The airline's management and pilots have expressed pleasure with the results.

The proposed rules, which Ms. Garvey said would be released soon, are designed to spread the program to the whole industry. She said the rules would "allow for open sharing of information without fear of punitive enforcement action."

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DEATH NOTICE

VICAS, GEORGE A.
On Saturday, October 25, 1997, at his residence. GEORGE A. VICAS, of Arlington, VA, father of Robert and Leslie Vicas, grandfather of Natalie, Alexander and Jeremy, companion of Sophie Kempf. Friends may pay their respects at the ARLINGTON FUNERAL HOME, 3901 N. Fairfax Dr., Arlington, VA on Friday, October 31 from 2 to 4 and 6 to 8 p.m. A Memorial service will be held in December - the date to be announced. In lieu of flowers, memorial contributions may be made to the American Cancer Society or the UNICEF.

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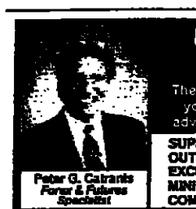

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Spain	900931907	*Sweden*	020793158	*Switzerland*	0800887233
Thailand	0018001118218613	*USA*	8009345757	*UK*	0800996832

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TRAVEL UPDATE

Buses Banned From Montmartre

PARIS (Reuters) — City authorities, bowing to years of protests from residents of the Montmartre area, have indefinitely banned tour buses from the picturesque hilltop quarter of the French capital.

Six million tourists a year cram the narrow streets and souvenir shops of Montmartre. The streets have become increasingly clogged in recent years by hundreds of large buses that park while their passengers visit the quarter.

Tour buses now will have to park at the bottom of the hill, leaving tourists to climb through the quarter's streets on foot or use the funicular railway to the top of the hill.

Sabena Allies With Budget Airline

BRUSSELS (AP) — Sabena Belgian World Airlines and City Bird, a Belgian long-haul budget airline, will form an alliance to jointly operate three trans-Atlantic routes to and from Brussels, the companies said Wednesday.

The alliance will link Brussels with Montreal, Sao Paolo and Newark, New Jersey. Sabena will take a 15 percent stake in City Bird's owner, City Bird Holding.

British Airways will begin direct flights twice a week between London and Almaty, Kazakhstan, on Nov. 11, the Interfax news agency quoted a BA spokesman in Kazakhstan as saying Wednesday. *(AP)*

Malaysia Airlines has begun twice-weekly service to Zagreb, Croatia, the airline said after inaugurating the service with a flight that landed in Zagreb late Tuesday. *(AP)*

Correction

Because of an editing error, a front-page article on the Wall Street plunge in some Tuesday editions incorrectly stated that trading on U.S. exchanges had not been halted since the assassination of President John Kennedy. Trading has been halted on U.S. markets for various occasions since then.

WEATHER

Forecast for Friday through Sunday, as provided by AccuWeather.

Jetstream · Unseasonably Cold · Unseasonably Mild · Heavy Rain · Heavy Snow

North America
Sunshine will give way to clouds across the Northeast Friday with rain possible Friday night and Saturday. Showers may linger into Sunday. Windy and chilly across the central United States with some showers. Sunny, dry and warm in the Southwest through Sunday.

Europe
Rainy, windy across the Mediterranean from Italy to southern Greece. Turning colder across northern Europe with some snow moving across northern Scandinavia Friday into the weekend. Dry and milder in western Russia Friday, but becoming colder again Saturday with some snow showers Sunday.

Asia
Windy and cold across Manchuria with some flurries Friday. Not as cold Saturday and Sunday. Chilly with partial sunshine in Korea Friday, but milder air will return this weekend. Lingering showers in Tokyo Friday, then dry and cooler Saturday; milder Sunday.

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Hca, W-Weather.

All maps, forecasts and data provided by AccuWeather, Inc. © 1997

Europe

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Algarve	20/68	9/48 c	19/66	12/53 s
Amsterdam	8/46	3/37 pc	10/50	6/43 s
Ankara	7/44	-7/20 pc	8/46	-5/24 s
Athens	14/57	6/43 sh	16/61	9/48 s
Barcelona	11/52	7/44 c	13/55	10/50 sh
Belgrade	8/46	-2/28 s	11/52	2/35 pc
Berlin	9/48	1/34 pc	8/46	7/44 s
Brussels	9/48	3/37 pc	11/52	6/41 s
Budapest	7/44	1/34 s	8/46	2/35 pc
Copenhagen	6/43	2/35 sh	8/46	6/43 pc
Costa Del Sol	18/64	8/46 s	19/66	13/53 s
Dublin	13/55	9/48 sh	13/55	10/50 pc
Edinburgh	11/52	7/44 sh	13/55	9/48 c
Florence	9/48	7/44 sh	10/50	8/46 r
Frankfurt	6/43	1/34 sh	8/46	2/35 pc
Geneva	8/46	-1/31 s	11/52	3/37 s
Helsinki	7/44	3/37 pc	6/43	-2/28 c
Istanbul	14/57	8/41 pc	12/53	8/46 pc
Kiev	3/37	-1/31 c	6/43	1/34 c
Las Palmas	24/75	18/64 s	23/73	17/62 pc
Lisbon	17/62	8/46 s	18/61	10/50 s
London	13/55	6/43 pc	13/55	9/48 pc
Madrid	18/68	1/34 s	14/57	4/39 s
Mallorca	14/57	12/53 r	18/64	12/53 r
Milan	9/48	-1/31 s	9/48	3/37 sh
Moscow	-0/29	-4/25 c	3/37	1/34 sh
Munich	5/41	-4/25 pc	7/44	-2/29 s
Nice	13/55	8/48 c	14/57	11/52 sh
Oslo	9/48	3/37 pc	9/48	8/46 c
Paris	12/53	4/39 s	9/48	5/41 s
Prague	5/41	-1/31 pc	6/43	-1/31 pc
Reykjavik	7/44	6/43 r	8/46	4/39 sh
Riga	8/46	3/37 c	8/46	3/37 c
Rome	16/61	13/55 r	20/68	13/55 t
St. Petersburg	5/41	4/39 sn	7/44	-1/31 sh
Stockholm	8/46	3/37 pc	7/44	2/35 c
Strasbourg	9/48	1/34 pc	9/48	2/35 s
Tallinn	8/46	4/39 pc	7/44	1/34 c
Tbilisi	13/55	6/43 r	9/48	0/32 c
Venice	9/48	1/34 s	7/44	4/39 r
Vienna	8/46	1/34 pc	7/44	6/41 pc
Warsaw	9/48	1/34 pc	8/46	3/37 pc
Zurich	7/44	-1/31 s	9/48	2/35 s

Middle East

Abu Dhabi	32/89	20/68 s	28/82	19/66 r
Beirut	25/77	17/62 pc	23/73	16/61 pc
Cairo	29/79	13/55 pc	25/77	13/55 s
Damascus	24/75	10/50 pc	23/73	8/46 pc
Jerusalem	22/71	11/52 pc	19/66	9/48 pc
Luxor	35/95	14/57 s	33/91	11/52 s
Riyadh	28/82	18/64 c	31/88	18/64 pc

Africa

Algiers	18/61	13/55 r	21/70	13/55 r
Cape Town	22/71	11/52 s	26/82	17/62 s
Casablanca	23/73	13/55 pc	23/73	14/57 s
Harare	24/75	9/48 pc	25/77	8/46 pc
Lagos	31/88	23/73 pc	31/88	23/73 r
Nairobi	21/70	10/61 r	27/80	13/55 pc
Tunis	26/79	14/57 s	26/79	14/57 s

Asia

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Almaty	18/64	6/43 pc	18/64	5/41 s
Bali	33/91	20/68 s	31/88	20/68 s
Bangkok	29/84	21/70 c	29/84	21/70 c
Beijing	10/50	-4/25 s	11/52	3/37 s
Bombay	31/88	21/70 s	31/88	21/70 pc
Calcutta	29/82	19/66 pc	29/82	19/66 pc
Chiang Mai	29/82	18/64 c	28/82	16/61 pc
Colombo	29/84	24/75 sh	29/82	24/75 r
Hanoi	23/73	16/61 pc	21/70	14/57 pc
Ho Chi Minh	32/89	23/73 pc	31/88	23/73 sh
Hong Kong	24/75	17/62 pc	21/70	15/59 sh
Islamabad	29/79	9/48 pc	29/82	10/50 sh
Jakarta	32/89	22/71 pc	31/88	23/73 pc
Karachi	31/88	16/61 s	32/89	16/61 sh
K. Lumpur	32/89	23/73 c	31/88	23/73 r
K. Kinabalu	31/88	23/73 sh	29/84	23/73 sh
Manila	31/88	22/71 pc	29/84	22/71 r
New Delhi	29/79	13/55 c	27/80	13/55 pc
Phnom Penh	30/86	23/73 c	28/82	23/73 sh
Phuket	29/84	21/70 c	28/82	21/70 s
Rangoon	29/84	21/70 pc	29/84	20/68 pc
Seoul	6/43	-9/16 pc	4/39	-4/25 pc
Shanghai	17/62	5/41 s	12/53	5/41 pc
Singapore	30/86	23/73 sh	30/86	21/70 pc
Taipei	23/73	17/62 r	21/70	15/59 c
Tokyo	19/66	18/59 pc	18/61	12/53 c
Vientiane	29/84	18/61 pc	27/80	14/57 pc

North America

Anchorage	2/35	-4/25 i	1/34	-6/28 sh
Atlanta	21/70	10/50 s	20/68	10/50 sh
Boston	14/57	6/43 s	13/55	7/44 pc
Chicago	10/61	7/44 c	14/57	4/39 sh
Dallas	27/80	11/52 s	24/75	14/57 s
Denver	18/64	2/36 pc	20/68	3/37 pc
Detroit	16/61	7/44 pc	13/55	5/41 sh
Honolulu	28/82	21/70 pc	29/84	21/70 pc
Houston	27/73	17/62 sh	26/79	14/57 pc
Los Angeles	29/82	13/55 s	29/84	14/57 s
Miami	28/82	21/70 c	29/84	22/71 pc
Minneapolis	9/48	1/34 sh	11/52	3/36 sh
Montreal	6/43	0/32 c	9/48	1/34 s
Nassau	29/79	23/73 pc	29/84	23/73 pc
New York	17/62	9/48 s	16/61	9/48 pc
Orlando	29/79	19/61 pc	29/82	19/66 pc
Phoenix	30/86	14/57 s	32/89	15/61 s
San Fran.	22/71	12/53 s	22/71	12/53 pc
Seattle	14/57	8/48 r	14/57	6/48 sh
Toronto	11/52	4/39 pc	13/55	3/37 c
Vancouver	12/53	7/44 r	12/53	3/37 pc
Washington	18/66	8/46 s	17/62	10/50 c

Latin America

Buenos Aires	17/62	7/44 pc	19/66	7/44 pc
Caracas	29/84	20/68 pc	29/84	21/70 pc
Lima	22/71	18/64 sh	21/70	18/64 sh
Mexico City	23/73	10/50 c	21/70	10/50 sh
Rio de Janeiro	28/82	19/66 pc	24/75	21/70 sh
Santiago	18/61	2/35 pc	19/64	6/43 pc

Oceania

Auckland	19/64	11/52 pc	19/66	12/53 sh
Sydney	26/79	18/66 pc	26/82	18/64 s

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THE AMERICAS

Car Tax Is Likely to Steer Virginia's Voters

By Michael Janofsky
New York Times Service

ALEXANDRIA, Virginia — Kathy Smith has a 9-month-old daughter and a 2-year-old Toyota Camry. As she sees it, the $300 state car tax she paid to the Alexandria city government this year came at her child's expense.

"That's worth almost one month of day care," said Ms. Smith, who works for Alexandria's Department of Human Services. "You buy a car, you pay the sales tax. You shouldn't have to pay anything additional."

James Gilmore 3d, the Republican candidate for governor in Virginia, agrees and has made eliminating the car tax on the first $20,000 of book value the cornerstone of his campaign.

It appears that his stand could win him the election Tuesday.

After months of running even with his Democratic opponent, Donald Beyer, the two-term lieutenant governor, Mr. Gilmore has vaulted to a lead in three major statewide polls.

Political analysts around the state say that voters such as Ms. Smith are the reason Mr. Gilmore has jumped ahead. In a campaign in which both candidates have emphasized putting into effect new education programs as their chief objective, many voters in the final days have focused instead on a tax that costs some car owners as much as $1,000 a year.

Each local government sets its own car-tax rate.

Mr. Gilmore has calculated that if his plan is approved, 90 percent of Virginia car owners would no longer pay the tax by the end of a five-year phase-in period. The state would reimburse municipalities for the lost revenue.

"Our poll shows that anyone who is voting on a tax issue is going to vote for Gilmore," said Robert Holsworth, a professor of political science at Virginia Commonwealth University. "Beyer has an advantage on the education platforms, but he has never been able to elevate his education plank to the same level Gilmore has with the car tax."

Mr. Beyer at first criticized the Gilmore tax plan, contending it would cost the state $1 billion a year, damaging educational programs in state public schools. Mr. Gilmore said projections of economic growth would more than compensate for the tax cut.

When voters began responding to Mr. Gilmore's plan enthusiastically, Mr. Beyer proposed a tax plan of his own, giving car owners a modest tax credit, up to $250, to help offset what they pay for the car tax.

The polling results show that Mr. Gilmore's approach has begun swaying many voters. But more than that, Mr. Holsworth said, it has become an issue that represents to many voters a major position change by Mr. Beyer, who has been plagued by other late-campaign problems.

In a debate earlier this month, Mr. Beyer accused Mr. Gilmore, the state's former attorney general, of offering plea agreements to 35 defendants after the state had abolished parole and adopted tougher sentencing guidelines. The next day, Mr. Gilmore proved Mr. Beyer incorrect with evidence that he only offered nine such deals, forcing Mr. Beyer to apologize and admit he was wrong.

Mr. Beyer continues to be unpersuaded, even with evidence that he is even slipping in the traditional Democratic stronghold of Northern Virginia, where Mr. Beyer's family owns a successful car dealership.

"I know people hate the car tax," he said. "They hate to write the check. I'm a car dealer; I know. Most people hate the federal income tax, too."

A Caribbean Ministate May Soon Become Two

By Douglas Farah
Washington Post Service

CHARLESTOWN, St. Kitts and Nevis — Ever since the tiny island of Nevis was joined by British colonial rulers to its larger neighbor, St. Kitts, to form the smallest country in the Western Hemisphere, the lesser partner has wanted out.

Now Nevis, a 36-square-mile (93-square-kilometer) speck in the eastern Caribbean with about 9,000 inhabitants, may see its wish come true.

The five-person Nevis legislature voted unanimously this month to end its federation with St. Kitts, which is two miles (three kilometers) away and has about 36,000 people. The vote to secede sets up a referendum before the end of the year that will allow residents to ratify or reject the move. It is expected to be ratified easily.

Many here question whether dividing the nation would leave either island viable as a country. And across the eastern Caribbean, where several nations comprise two or more islands, the move by Nevis to secede has caused alarm.

"One of the major concerns of the government — and by extension the Caribbean Community — has to do with the question of fragmentation," said J. Llewellyn Edmeade, chief cabinet secretary of the national government. This summer, the Caribbean Community, representing 14 nations, urged the islands to work out their differences.

The national government of St. Kitts and Nevis, based in Basseterre, a seaside town on St. Kitts with a bustling port, has promised to honor Nevis's vote, which is allowed under the 1983 constitution, written when the federation became independent of Britain. But Prime Minister Denzil Douglas has promised to fight the move politically.

Here on Nevis, a short ferry ride away from St. Kitts, the feeling is that the central government has ignored its smaller neighbor and that the residents of Nevis have had to beg the central government for services and respect.

"We have never been closer to independence," said Malcolm Earl Guishard, deputy prime minister of Nevis.

Charlestown, the capital of Nevis, would certainly rank among the smallest capitals in the world if the secession vote were successful. It is a town of a few thousand people with a few narrow streets.

Mr. Guishard and others here argued that the central government in St. Kitts took far more resources from Nevis than it gave, because Nevis paid for all its own services except police and foreign relations. Mr. Guishard said a recent study had shown that the central government took, through taxes, airport fees and other revenue, about $690,000 a year from Nevis but that establishing a separate government would cost only $540,000 a year.

Despite their proximity, the two islands developed differently. On Nevis, former slaves were granted plots of land after slavery was abolished in 1834. But on St. Kitts, the landed, sugar cane-growing families did not allow freed slaves to hold property. Joined together for British colonial administration in 1882, the two islands' relationship has long been uneasy.

The latest spat, according to political sources on the islands, centers on controls over offshore banking activities, an area where Nevis has excelled while St. Kitts is trying to get into the market as its sugar industry declines.

Nevis, with autonomy to run its own economy, has about 9,000 offshore businesses registered, or about one per inhabitant, according to Mark Anderson, a legal adviser to the Nevis government on financial centers. He said more than half of the businesses, operating under strict secrecy laws, had opened in the past three years.

In St. Kitts, meanwhile, there are just a few hundred such companies. Officials there attribute the disparity in part to the central government's efforts to impose stiffer regulation on offshore businesses, which are used around the region to launder money for drug traffickers and other criminal enterprises. Nevis has rejected the new guidelines.

"When we say we are concerned with fragmentation, one concern is the leverage that fragmentation can present to lawless men," Mr. Edmeade said. "Nevis will be vulnerable, and lawless men are capable of recognizing that and dealing with the vulnerability."

That, Mr. Anderson said, is not true. "We have very stringent policies for approval," he said. "We started offshore businesses in 1984, and we have had no major crisis since. That is a testament to the fact we are doing something right."

POLITICAL NOTES

Extension Is Sought For Thompson Panel

WASHINGTON — In a move unlikely to win broad support from either party, the chairman of the Senate Governmental Affairs Committee, Fred Thompson, has quietly asked the majority leader, Senator Trent Lott of Mississippi, to seek an open-ended extension beyond the end of the year for the committee's campaign finance investigation.

Mr. Lott, widely reported to be dissatisfied with the Tennessee Republican's conduct of the investigation and its results to date, made no immediate decision to the written request. Mr. Lott told reporters that he wanted to speak with committee members before determining how to respond. Mr. Lott's office said it did not plan to make the letter public.

From interviews with several committee senators, it was clear that Mr. Thompson had made only informal efforts to seek consensus among his colleagues, many of whom did not learn of the letter until after it was sent. Mr. Thompson did not respond to interview requests.

Democrats have made clear they will not support an extension. Even influential Republicans on the panel said they believed that the investigation should shut down when its current mandate expires Dec. 31. *(WP)*

Don't Pass Failures, Clinton Tells Schools

CHICAGO — President Bill Clinton called on the nation's schools to abolish "the destructive practice" of promoting pupils who have not learned enough and issued a directive intended to help districts improve failing schools or shut them down.

Visiting a Chicago school, he held up the revival of the long-troubled system as a model for the nation, saying the keys to such a turnaround are high standards and accountability.

"Ending social promotion does not put children down," Mr. Clinton told parents, teachers and pupils at Oscar Mayer Elementary School. "It gives us a chance to lift all children up. We are not punishing children by making sure they know what they need to know and that when they move from grade to grade it means something."

Passing pupils simply to make them feel good, he added, is shortsighted. "There is nothing more damaging to self-esteem than wanting a job and not being able to get one," he said. *(WP)*

Quote / Unquote

Edmund (Jerry) Brown Jr., the two-term governor of California and thrice-failed presidential hopeful, announcing a campaign to become mayor of Oakland: "For most of my life, I have been around government and had the privilege of serving as governor during the last creative phase in California politics. I learned a lot from that experience, and now I want to share it with the people of Oakland as their next mayor." *(LAT)*

Susan Ragan/The Associated Press

Away From Politics

• **Illegal drug use among high school students** has stabilized in the last year, but younger students are indulging more often, according to a survey. Older students are turning more toward cigarettes and liquor, the Parents' Resource Institute for Drug Education found. *(AP)*

• **The New York Times has agreed to settle a** multimillion-dollar libel lawsuit filed last year by a former Philadelphia prosecutor over a Times Magazine story reporting that she had hid evidence and kept blacks off juries. Terms of the deal were not made public. *(AP)*

• **A 7-year-old Kansas girl** who had heart and lung transplants in 1994 was among the victims of the blizzard that buried the Rockies and Plains over the weekend. The storm cut power to Kalana Calkins's house, halting the machines that helped her breathe, and snowdrifts that closed roads prevented her parents from taking her to the hospital and blocked help from reaching the home. *(AP)*

• **A man convicted along with two accomplices** in the murder of four people in Houston was put to death on Tuesday in a record 32d execution in Texas this year. *(Reuters)*

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AMERICAN TOPICS

During Hunting Season, It's Not Only Deer at Risk

Deer-hunting season opens soon in many U.S. states, and as usual, the deer will not be the only casualties.

In the small state of Maryland alone, 100,000 hunters take to the woods and stubble-covered fields, and each year one or more is felled by gunfire.

But a far greater hazard, notes The Baltimore Sun, is heart attack. Three times as many hunters die of cardiac arrest as from firearms accidents.

A hunter's clothing and equipment can weigh 50 pounds (23 kilograms). With 90 percent of deer killed in remote areas, that can mean a lot of huffing and puffing for deer-stalkers, who, as Dr. Larry Stafford, a cardiologist and avid hunter, put it, often fit the profile of "a cigarette-smoking, alcohol-guzzling, bacon-and-eggs chomping overweight guy."

Among his suggestions — along with staying in shape — are these: Skip that fat-filled breakfast, and don't go into the woods straight from the tavern.

He also discourages the sort of behavior he witnessed a few years ago, when looking down from a hilltop, he saw "a deer sort of bouncing along in a manner I had never seen." Looking through a scope, he saw a hunter with a dead deer on his back, stumbling along, his bright orange jacket nearly obscured.

"Stupidest thing I ever saw," Dr. Stafford said. Better, he added, to drag the deer. Or stay home.

Short Takes

With Halloween nearly upon us — it's on Friday — the scare business is booming. Along with the billions of dollars spent on candy and costumes for kids, adults are increasingly spending the bucks for a chance to be frightened. The abandoned Eastern State Penitentiary in Philadelphia, for example, expected 10,000 people to visit this month for special nighttime ghost tours, at $15 a head.

Similarly, the sprawling Stanley Hotel in Estes Park, Colorado, has seen its business jump 15 percent since it was featured in the television miniseries of "The Shining," based on the Stephen King horror story.

But let the buyer beware: Dennis William Hauck, author of a national directory of "haunted places," warns that hundreds of hotels and inns keep imaginary ghosts "on the payroll" to attract bookings. Accept no substitutes.

Death is ever underfoot in Colma, California, a tiny and peaceful San Francisco suburb that has served as a major burial ground for the Bay Area.

So when a businessman announced plans to build a casino on a hill over the town, Colma residents accustomed to their quiet raised a novel (but very Californian) argument: The presence of a casino near so many graves, they said, would violate precepts of "feng shui," the Chinese art of balancing the unseen forces of landscape, buildings, furniture and people.

But there may be a compromise in the air, reports The New York Times: Two feng shui practitioners suggest that the casino will be fine if it applies some basic ritual good will — plowing some proceeds back into the local cemeteries.

Archaeologists are still trying to determine whether the shipwreck they have found in shallow waters off Beaufort, North Carolina, is the 279-year-old Queen Anne's Revenge, flagship of the bloodthirsty pirate Blackbeard. They recently brought up two cannon and have spotted 10 others, which encouraged them. The pirate's ship carried 40 cannon, an unusually high number. But they were taken aback by what they found under one cannon: a plastic Mountain Dew bottle. Some blame shifting of the wreckage; others say the ghost of Blackbeard, who was hunted down and beheaded by a British naval force in 1718, may be having a little fun.

Brian Knowlton

In Sting, N.Y. Busts Marijuana Buyers

New York Times Service

NEW YORK — Mayor Rudolph Giuliani has announced the expansion of sting operations in city parks that involve undercover police officers selling marijuana to unsuspecting buyers and then arresting them, with 72 arrested to date.

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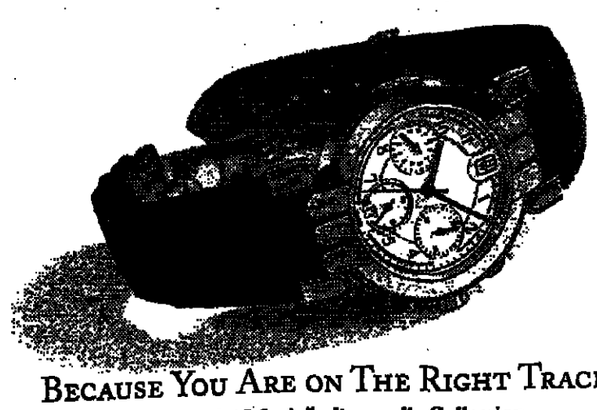

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INTERNATIONAL

Most American Companies Breeze Through Asia's Crisis

By Peter Passell
New York Times Service

NEWS ANALYSIS

When currencies and stocks in Hong Kong, or Thailand, or Indonesia, take a tumble, must America feel their pain?

Granted that the deepening financial problems in Asia and, more particularly, the spread of the problem to Hong Kong, China's monument to global capitalism, clearly prompted the big drop Monday on Wall Street.

"Irrational exuberance gave way to irrational gloom," said Bruce Steinberg, chief economist at Merrill Lynch & Co.

But for all the increasing interconnectedness of global markets, many say that the linkage between Asia's economic prospects and the profitability of U.S. companies is not strong enough to justify the losses in American stock values over the past week.

"All of us have been guilty of exaggerating the importance of Asia as the driving force behind the world economy," said Peter Kenen, an economist at Princeton University. The rebound Tuesday on Wall Street, which appeared to be continuing Wednesday, with the Dow Jones industrial average up 23.33 points at 7,521.65 in late trading, seemed to reflect serious second thoughts about just how dire the situation for American business really was.

While Asia's problems will mean lower exports, more import competition and diminished returns on foreign investments for some large American corporations, the size of those changes simply does not justify a fundamental shift in market outlook. In fact, some countervailing forces are working to keep the American economy on the prosperity track.

Hard times in Asia "will likely impede U.S. growth only modestly," said Abby Joseph Cohen, a market strategist at Goldman, Sachs & Co. who has been bullish for much of the 1990s. "At the same time, the inflation and interest-rate backdrop has become more favorable," she said.

Virtually all analysts agree that in the long run the price of stocks turns on the more tangible question of a company's expected earnings per share. While Asia's economic predicament is, on balance, bad news for globally minded American enterprises, it hardly presents a serious obstacle to continuing growth in profits for corporate America.

Start with import competition. The sharp depreciation of Southeast Asian currencies in the past three months is already beginning to show up as an increase in Asia's export volume. But Southeast Asia largely competes in world markets with low-wage countries such as Brazil, China and Mexico — not with the United States.

Albert Fishlow, a senior fellow at the Council on Foreign Relations, said some American companies could see a windfall from Asian currency depreciations because prices of imported components for their own products — computer memory chips, for example — were likely to fall in coming months. But other American companies, he said, will benefit because they use Southeast Asia as an export platform to Europe, Japan and North America.

"While local sales by foreign subsidiaries may be hit by recession in Asia, increased exports could more than offset the loss," he said.

American exports in 1996 to the economies in the deepest trouble — Thailand, Indonesia, Malaysia, Hong Kong and the Philippines — amounted to less collectively than U.S. exports to either Canada, Japan or the European Union.

Some of the largest American consumer-products companies say the turmoil in Asian markets will have little effect on their businesses.

The companies, including Procter & Gamble Co., Gillette Co. and Colgate-Palmolive Co., say Asia represents less than 10 percent of their sales.

Several companies questioned also said they had hedged against the risk of wide currency fluctuations. Moreover, the $8 trillion U.S. economy is so substantial and diversified that weakness in any one region of the world is not enough to divert it significantly from its path.

"Slow growth in Japan since 1991 has hardly put the brakes on Wall Street or the American economy," Mr. Fishlow said.

If the potential for collateral damage from a recession in Southeast Asia has been exaggerated, the potential for indirect gains has been all but ignored. One reason American business has enjoyed seven fat years is that growth in much of the world has been tepid.

While slow growth abroad dulls America's export performance, it also prevents the sorts of production bottlenecks that lead to inflation — and recession.

None of this guarantees that investors will ignore all that has happened. It does suggest that Asia's trauma will hardly be felt by most Americans.

"Globalization matters," Mr. Kenen said, "but less than people think."

Soros Hedged on Bonds

Investment Softened Blow When Market Fell

By Brett D. Fromson
Washington Post Service

WASHINGTON — In the weeks leading up to Monday's stock market plunge, global traders like George Soros bet billions of dollars on Treasury bonds, according to professional traders and investors familiar with his company's activities.

When the storm hit stocks, Mr. Soros and other speculators pocketed hundreds of millions of dollars by selling the bonds at far higher prices to fearful mutual and pension fund managers who wanted to get out of stocks and into the safety of government bonds, the sources said.

Officials of the Soros Organization declined public comment on its activities. But other sources said the company, which manages about $20 billion in overseas money from offices in New York and London — it is not allowed to take on U.S. clients — did not escape unscathed by the recent decline in stock prices. On Monday, the Soros Organization lost more money on stocks than it made on bonds, the sources said. But the move into bonds significantly offset the stock losses.

It was a telling moment in the no-holds-barred arena of the global speculators, and revealed how these companies employ strategies that enable them to profit when most other investors are only taking losses.

These big investors did not dump stocks. Instead, they bought on the dip in the Asian, European and U.S. markets. That included the Soros Organization, which owned stocks as well as bonds right before last week, the sources said.

Earlier this year, Mr. Soros bought about $10 billion in U.S. Treasury bond futures contracts, which gave his company the right to buy government bonds in the future at a set price. A speculator can place a $10 billion bet that bond prices will rise or fall for only a $1 billion down payment.

The bond strategy reflected the company's belief that the currency troubles in Asia would slow Asian and U.S. economic growth, according to James Bianco, director of research at Arbor Research and Trading, a bond brokerage based outside Chicago.

Agence France-Presse

Germany's defense minister, Volker Ruehe, right, and Finance Minister Theo Waigel patrolling Serbian territory in Bosnia on Wednesday with NATO troops. The Europeans favor extending the mission past June.

GLITCHES: *Fewer Than in '87*

Continued from Page 1

brokerage operations of Charles Schwab, Fidelity Investments, E*Trade Group Inc. and Ameritrade Holding Corp. all said they had at least some delays Tuesday.

The heavy volume overwhelmed a Nasdaq computer system at 3:17 P.M. and from then until the close of trading on the Nasdaq stock market, its work stations — the machines used by brokers — did not show correct last-sale prices for Nasdaq stocks, although such information was available on other machines.

But none of those services calculate Nasdaq index figures on their own, relying instead on the Nasdaq computer that was overwhelmed. It was more than two hours after the market closed before Nasdaq was able to calculate its indexes. The final figure showed the Nasdaq composite index up 67.93 points at 1,603.02.

"Nasdaq got backed up with orders," said Timothy McCarthy, president of Charles Schwab. "We had delays in getting our orders back." He said that generally the New York Stock Exchange was able to keep up with the record volume. Other brokerage firms, however, said that while trades on the Big Board were executed on time, there were delays of as long as an hour in getting confirmations.

Despite the many delays, many executives of brokerage firms expressed satisfaction that investors fared better Tuesday than they did on the day the Dow Jones industrial average fell 22.6 percent in October 1987.

This week, the average endured a record point drop Monday and posted a record gain Tuesday in terms of points, though Monday's decline was only 7.1 percent and Tuesday's surge amounted to 4.7 percent. In 1987, trading was backed up for hours, and unanswered telephones were far more prevalent.

"If it wasn't for all the technology, there is no way we could have handled all the volume we did," Mr. McCarthy said. Schwab, for example, now handles half its transactions using computers or touch-tone phones, facilities that were not available to handle trades 10 years ago.

Even though some customers complained that they could not log on to online trading systems, other brokerage firms also expressed satisfaction that they had handled as much volume as they did.

"It's been awesome," said Kathy Evinson, president of E*Trade, which handled more than 40,000 trades Tuesday, nearly double its usual volume. As many as 8,000 investors were logged on to its system at one time, she said.

IRAQ: *Americans Banned From UN Team*

Continued from Page 1

nology, much of it American, and with a U-2 spy plane from the United States.

The deputy chairman of the inspection commission, Charles Duelfer, is also an American. Mr. Duelfer makes frequent visits to Iraq to talk with officials and direct the work of specialists who have been monitoring and destroying Iraqi weapons and the factories that did or could produce them since the end of the Gulf War in 1991.

Iraq's move follows an effort by the United States to increase Security Council sanctions against Iraq, which is already under a blanket trade embargo that has all but destroyed the country's economy. The United States and Britain want to ban Iraqi officials from international travel, a measure first proposed in June but twice postponed in the face of opposition from France, Russia and Egypt.

Last week, the council passed a resolution keeping the threat alive until next April. Five nations abstained — China, France, Russia, Egypt and Kenya — weakening the usually unanimous front that Washington and London have managed to pull together to show solid international opposition to Mr. Saddam.

Some diplomats said they saw the vote as a small victory for Iraq in its campaign to weaken and ultimately end the sanctions. But the Iraqis were apparently incensed that the threat of a travel ban was not withdrawn entirely.

To end sanctions, Iraq must prove conclusively to the investigating commission that it has destroyed all biological, chemical and nuclear weapons and the capacity to make them. It must also show, backed by the necessary documentation, that it has ended a strategic missile program.

Mr. Butler and his predecessor, Rolf Ekeus of Sweden, say that in the six and a half years that Iraq has been under sanctions, the government has told inspectors lies and half-truths, hidden or destroyed material evidence and documents and forbidden inspectors to talk with officials or employees of factories who could supply missing information.

Mr. Butler's first report as commission chairman, published early this month, angered the Iraqis by saying that Baghdad was making some progress but was still hiding disturbing evidence and obstructing the work of the UN team.

In the Security Council, diplomats from the United States and other countries have repeatedly made the argument that the choice of whether or not to cooperate with the commission belongs to the Iraqi president. They say that he — not the sanctions — has caused the hardships the Iraqis are suffering under the embargo.

This year, Iraq has been allowed to export limited amounts of oil to pay for urgent civilian needs, and pipelines and ports were repaired for the task. But this has only whetted Baghdad's appetite for larger oil sales, and has led businesses in France and Russia to press their governments for an end to sanctions so that promised oil contracts will materialize. Before the Gulf War, Iraq was one of the world's largest oil producers.

MARS: *The Cold Triumphs*

Continued from Page 1

focus on the positive things we've accomplished."

Pathfinder, with Sojourner aboard, landed on Mars on July 4. The earthly fanfare was considerable, attracting a record 566 million hits on the Pathfinder Web site in the first 30 days. Having proved the viability of an experimental air bag landing system, the lander and rover accomplished the rest of their main goals with surprising ease. And still both robots kept on going, and going.

"We were just trying to put another layer of frosting on the cake," Mr. Muirhead said.

The rover, with its sometimes bumbling but largely effective rock studies, startled scientists with evidence that Mars has a much more sophisticated, Earth-like geologic history than previously realized. Pathfinder instruments sent back a portrait of the local scenery, including Martian sunsets. Perhaps most important, the robots produced a wealth of evidence confirming the specific drifts and currents of an ocean of water that once flowed there, possibly fostering the rise of primitive life forms.

Scientists say they still have a backlog of Pathfinder data to analyze.

On Sept. 27, just as weather instruments had detected the beginnings of the Martian autumn and the onset of the dust-storm season, the lander transmitter fell silent. A command from Earth reawakened it for just 15 minutes on Oct. 7, the robots' 93d day on the surface of Mars. Since then, nothing.

What exactly is wrong? "That's the $64,000 question," Mr. Cook said.

The most likely source of the trouble is the extreme cold, he said. Engineers believe the warmth-giving transmitter has been off so long that the lander's internal temperatures are dropping to minus 50 degrees centigrade in the frigid Martian dawns, rising only to minus 30 after an afternoon in the sun.

Bundestag Plans A Move to Berlin In Summer of '99

Agence France-Presse

BONN — Germany's lower house of Parliament, the Bundestag, will move to Berlin during the summer of 1999, though new offices will not be completed there until the spring of 2000, parliamentary officials said Tuesday.

They said the Bundestag's speaker, Rita Suessmuth, will present a report to the Parliament's budget committee suggesting that the move take place in July and August 1999.

The report recommends using the Justice Ministry and the attorney general's office of the former Communist German Democratic Republic to house some of those affiliated with the Bundestag while work on the offices for the parliamentarians and the Bundestag's staff is being finished. An additional 600 offices in downtown Berlin will have to be rented on a temporary basis, according to the report.

Renovation of the Parliament building in Berlin, the Reichstag, will be completed by the spring of 1999. The German Parliament already has scheduled plenary sessions for then, including the election of the German Federal Republic's next president.

Berlin was made the capital of Germany after the reunification of Germany in 1990. But the move of the federal government to Berlin from Bonn has been postponed due to both inertia in Bonn and the need for renovation and construction of buildings in Berlin.

The government is expected to move in the second half of 1999, according to Construction Minister Klaus Toepfer.

BOSNIA: *Clinton Edges Toward Extending Stay of U.S. Troops*

Continued from Page 1

All of the options involve a presence of American troops on the ground in Bosnia, the officials said. An American presence was one of the "fundamentals" on which there was "no disagreement," one senior official said. There was no formal vote taken or group recommendation made, the official said, and the cabinet secretaries were not asked to associate themselves or their agencies with any particular option.

There is a consensus on the need for the United States to stay fully engaged in Bosnia, but no formal consensus yet on "maintaining U.S. forces in Bosnia in a meaningful way," a senior official said. At the same time, "no one is stamping their feet in opposition," including Defense Secretary William Cohen.

One of the topics discussed, the officials said, was that the United States could not retain operational command of a North Atlantic Treaty Organization-led force in Bosnia if no American troops were on the ground there.

Leaving Bosnia to others would send the wrong signal to NATO, which the Clinton administration insists upon leading at a time when it is pushing hard to expand the alliance to three new countries — Poland, Hungary and the Czech Republic.

There is concern that a Senate ratification vote on NATO expansion could come next spring, just as a final decision is being made on Bosnia. There is a strong case being made inside the Clinton administration that the president should announce a decision in principle to keep troops in Bosnia before the end of the year, to try to keep the two issues separate, but there is no agreement on strategy either, the officials said.

The officials cautioned that major questions about how many troops, how long they should stay and what their adjusted mission might be are also undecided, and they expressed concern that their efforts to consult with Congress and to lay out their case for staying in Bosnia could be damaged by publicity.

Mr. Cohen, who as a Republican senator was critical of the administration for delaying its 1996 decision to keep troops in Bosnia, said March 4, in a statement that infuriated his colleagues, that "it's very clear that in June 1998, we'll be on our way out."

Three months later, in Europe, Mr. Clinton sidestepped the June deadline, saying: "I believe the present operation will have run its course by then and we'll have to discuss, what, if any, involvement the United States should have there."

Since then, administration officials have been making statements and giving speeches about the importance of remaining engaged in Bosnia. The most recent example was a speech a month ago by the White House national security adviser Sandy Berger in which he said America and its allies must be prepared for an extended stay in Bosnia beyond June.

"We must not forget the important interests that led us to work for a more stable, more peaceful Bosnia," including European stability and NATO's own credibility, he said at Georgetown University. "The gains are not irreversible, and locking them in will require that the international community stay engaged in Bosnia in some fashion for a good while to come."

HONG KONG: *Stocks Soar, Traders Wary*

Continued from Page 1

victims of a speculative attack upwards." In referring to the derivatives-linked buying, he noted that Hong Kong was now the favored hunting ground for speculators in Asian stocks.

"The market's never been cheaper," Brian Parker, head of Hong Kong Research at Credit Lyonnais Securities Asia, told Reuters.

But the market is still dogged by residual concern over the fate of Hong Kong's currency peg to the U.S. dollar, said James Robertson, head of sales at Salomon Brothers, who added that the Hang Seng could still fall to 8,000 points — a drop of 25 percent from Wednesday's close.

"If interest rates drop too much, then the dollar hedgers come back," and the market would suffer from heightened currency worries all over again, he said.

Hong Kong's dollar is pegged at about 7.80 to the U.S. dollar.

"If there are periodic attacks on the currency, confidence will continue to be an issue, and the government will remain under heavy pressure to remove the peg," Edward Chan, head of research at Amsteel Securities, told Reuters.

More ominously for prospective corporate earnings, Mr. Robertson said that although interest rates came down Wednesday, the current one-month interbank rate of 13.75 percent meant that to make money, banks in Hong Kong would still have to raise their prime rates by five percentage points.

Terence Howard, Shenyin Wanguo Securities' head of sales, said that with a gloomier outlook for property developers and banks, "it's going to be very difficult to break through 12,000 from here." That is 11.6 percent above Wednesday's closing level.

More than stocks on Wall Street, Hong Kong's traditional leading indicator, the market here will now take its cue from the interbank interest rates in the territory, said Ben Kwong, head of research at Dharmala Securities.

■ Real-Estate Prices Could Cool

Cracks have appeared in the foundations of Hong Kong's property market, but damage from quaking stock markets and high interest rates may not be entirely calamitous, Reuters reported.

"Everybody is just waiting to see the impact of high interest rates and currency instability; it's too early to tell the effect on property prices," said Charles Cheng, research manager at Colliers Jardine.

The immediate signs of an ailing property sector included nervous home buyers, sellers who were easily persuaded to drop prices and bankers who stopped mortgage lending.

"We'll go through a cooling-off period, but things have been too hot anyway," said Michael Green, a property analyst at Salomon Brothers.

Potential property buyers had been scared off by Hong Kong's multiple crises, said Serena Lau, managing director of surveyors Francis Lau and Co.

Property sellers were dropping prices more readily, analysts said, and anecdotal evidence from home buyers bolstered this view.

"Real-estate prices haven't changed, but if you go inside the shops, the agents are willing to reduce," said Eugenia Choi, a human-resources executive who is looking for an apartment.

SUMMIT: *At White House, Clinton and Jiang Reach Agreement on Nuclear Sales*

Continued from Page 1

switching into heavily accented but clear English: "Let us, the Chinese and the Americans, join hands and together with people around the world work hard to bring about a new century of peace, stability and prosperity."

Together, the day's events emphasized the dramatic shift in U.S. policy to China since the chilly days after the 1989 crackdown in Beijing. Washington increasingly seeks to engage the fast-growing Chinese giant rather than to oppose or confront it.

But the differences between the countries are many and wide, as dramatized by a protest across Pennsylvania Avenue from the White House. Perhaps 700 demonstrators chanted and waved signs criticizing Beijing for its policies on Tibet, Taiwan, abortion, religious repression and other human-rights issues.

The presidents touched on their differences only glancingly in their public comments, couching their criticism in the language of diplomacy.

He called on the countries to work toward a world where "people are treated with dignity, free to express their beliefs and observe their faiths."

Mr. Jiang gently called on the United States to respect the systems and sovereignty of China and other countries.

"I hope that the development of China-U.S. relations will positively promote mutual respect, peaceful coexistence and common development of all countries in the world," he said, "different in history, culture, social system and level of development."

Both governments, if not all of their people, hope the summit meeting will mark the beginning of a new tone in bilateral relations, changing the emphasis from contentiousness to cooperation.

"It marks an end to the somewhat unnatural and, I think, unwise, hiatus in serious U.S.-Chinese interactions," said Richard Haass, director of foreign policy studies at the Brookings Institution in Washington. "What is accomplished here may matter less than what it leads to — most importantly, a regularization of high-level contacts."

The presidents were to agree to hold regular strategic meetings between government officials at every level, including annual meetings of the heads of state. Mr. Clinton is to visit China next year.

They also agreed to establish a direct telephone link, or hot line.

Mr. Clinton paid tribute to the economic reforms that have allowed Communist China to record dramatic economic growth. "We admire the progress China has made in such a short time," he said. "Your reforms have lifted millions from poverty."

Mr. Jiang, for his part, spoke of a rapprochement between the United States, which has dominated this century, and China, which many expect to dominate the next.

"The shared interests between China and the United States have increased rather than decreased," he said. "Our potential for cooperation has expanded rather than diminished. Our two countries share broad common interests and shoulder a common responsibility on major issues."

Chinese officials clearly hope Mr. Jiang's eight-day visit will make an impact on the American public, which has heard little but criticism of Beijing since the 1989 massacre. Yet, in what may be a sign that some of the drama and conflict has left the U.S.-Chinese relationship, only one major television network, CNN, carried the White House ceremony live, and its coverage was interrupted for testimony by the Federal Reserve Board chairman, Alan Greenspan.

Mr. Haass said the visit might at least begin to bring the favorable American re-examination of China that Beijing officials long for and American protesters bitterly reject.

"It is no exaggeration," Mr. Haass said, "to predict that the U.S.-Chinese relationship could well be the most significant bilateral relationship in the world over the next several decades."

No breakthrough was expected on such issues as the trading differences that have kept China out of the World Trade Organization or alleged human-rights abuses, including the jailing of virtually all dissidents in China, that are raised each time Beijing seeks permanent U.S. most-favored-nation trading status.

In a private Tuesday evening, the two presidents discussed human rights, Tibet and Taiwan. Mr. Clinton gave Mr. Jiang a 15-minute tour of the White House. Shown a copy of the Gettysburg Address written in Abraham Lincoln's hand, Mr. Jiang recited the first few words, "Four score and seven years ago...."

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EUROPE

A Slow, Dusty Death for the Parched Aral Sea

By Stephen Kinzer
New York Times Service

MUYNAK, Uzbekistan — The life of Kubeisin Ikmitulayev has been just long enough for him to watch the death of one of the world's largest inland seas.

"When I was a small child I used to go swimming all the time," said Mr. Ikmitulayev, who recently celebrated his 30th birthday. "The water came right up to our backyard. But by the time I was 8 years old, it was too far away to walk."

Mr. Ikmitulayev knew Muynak when it was a thriving port and popular resort on the Aral Sea. In his lifetime the Aral, once at 25,000 square miles (65,000 square kilometers) the world's fourth-largest lake, has shrunk by more than half, to 12,000 square miles.

Today Muynak, whose population has dropped to 28,000 from 45,000 in the last 30 years, is a desert town. The water that used to flood the streets on stormy days is now more than 70 miles (112 kilometers) away.

On what was once the seabed, abandoned ships lie in a sandy graveyard, a grim reminder of how quickly such catastrophes can overwhelm communities and nations.

For thousands of years Central Asia's two great rivers, the Amu Darya and the Syr Darya, fed the Aral. But as this region became the main Soviet source of cotton, a maze of irrigation canals was built.

Much of the diverted water was lost to evaporation and seepage, because the canals were neither covered nor lined. After those losses and the huge amounts of water that the cotton plantations absorbed, only a trickle was left to feed the Aral.

And even that amount may have done more harm than good. It was contaminated with the pesticides and other chemicals that were being sprayed on cotton and rice fields. These chemicals settled on the seabed, and now that much of the sea has evaporated, windstorms carry the chemicals through the streets of Muynak and hundreds of miles beyond.

"Dust storms pollute the air we breathe and the water we drink," said Orinbey Yusekepov, a local doctor. "We are seeing a very high incidence of anemia, especially among children. Cancers have increased. Stomach and intestinal diseases are very common. People's kidneys and livers cannot stay healthy in an environment like this."

All five of the Central Asian countries that emerged in 1991 with the collapse of the Soviet Union are affected by the cataclysm of the Aral Sea, which is divided between Uzbekistan and Kazakhstan. Leaders of all five have acknowledged the scope of the disaster.

"Never before has such a case been witnessed in history," President Islam Karimov of Uzbekistan wrote in a newly published book about his country's problems. "In the lifetime of only one generation, the death of a whole sea."

"Not long ago triumphant trumpets celebrated the increase in new irrigated land reclaimed from deserts," Mr. Karimov wrote. "This irrigation water was taken from the Aral, and it was 'forgotten' that this was 'drained blood' from this sea."

Although the presidents of the five Central Asian countries, which also include Kyrgyzstan, Tajikistan and Turkmenistan, have urged action to protect what remains of the Aral, none is optimistic.

Mr. Karimov, for one, has warned that saving it will prove "complicated or even impossible."

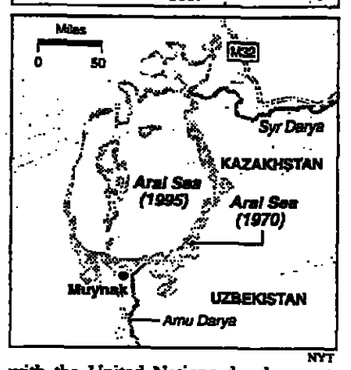
Scientists and politicians agree that the only hope for halting the seemingly inexorable shrinkage would involve drastic conservation. But because all the Central Asian countries require great amounts of water for irrigation and power, none is ready to take radical steps.

Making a major cut in the amount of water taken from the Amu would mean "a big drop in agricultural production, widespread unemployment and tremendous social dislocation," said Ospan Kariansakov, an Uzbek government official assigned to work on the issue. "Maybe we could absorb a 5 percent cut, but certainly no more than that."

Environmental groups, banned during the Soviet period, have begun drawing up preservation formulas. But so far, there is not even a system to measure how much water is being taken from the two rivers and by whom, much less an agreement to reduce consumption.

Although the countries have other resources, they are unable to take the sweeping steps necessary to restructure their economies away from water-intensive agriculture.

"If these countries are going to change their ways and cut their water use," said Sardar Gasanov, a scientist with the United Nations development program here, "they need to industrialize or at least start growing other crops that don't need as much water. That is a huge project."



NYT

In Egypt, Sewage Hinders The Search for Cleopatra

By Douglas Jehl
New York Times Service

ALEXANDRIA, Egypt — The poet called it a wine-dark sea, but here the Mediterranean is obscured by something less poetic.

It is sewage that flows untreated into coastal waters. Beneath the surface of the once-fabled eastern harbor, it is rarely possible to see more than an arm's length away, a dismal reflection of the faded city that modern Alexandria has become.

That is what makes it understandable — but still nothing short of remarkable — that only now, some 1,600 years after it slipped into the sea, the remnants of an ancient quarter that housed rulers including Cleopatra are being discovered within 100 meters of what is now the shoreline, in water just 4.5 meters (15 feet) deep.

Along with modern filth, the centuries had collaborated to give the artifacts a hiding place, burying columns, statues and giant granite blocks deep beneath the sand or encrusting them in thick layers of a shell-like coating.

In the past, those who searched the harbor had been able to find nothing, but that has changed with the use of technology that has enabled explorers to see through the gloom.

"Where other people saw only rocks, we have been able to assemble a true picture," said Franck Goddio, a Frenchman whose team has used advanced magnetometers, radar and other devices to produce what Egyptian officials call a revolution in underwater archaeology.

What has been found so far — sphinxes, pedestals and other artifacts, some with Greek inscriptions — has substituted hard evidence for years of speculation about the layout of the ancient quarter, the heart of what in the three centuries before Christ was one of the most important cities in the world.

But to unearth, clean, photograph and catalogue the artifacts, divers must still spend hours at work each day on the harbor floor, where the outflow of sewage from what has become a city of 5 million people can be felt as a detectable current.

For perhaps a few hours every 15 days, the flow is shut down, and "then you can really feel a difference," said Susan Henrickson, an American who is among the divers whose work within shouting distance of Alexandria's traffic-clogged corniche is painting a new picture of the city's former splendor.

Accounts from the time have described the royal quarter as a walled city of splendid, lavish buildings and magnificent parks that made up about a third of the total area of the city, which was founded in 331 B.C. by Alexander the Great.

But its most majestic years ended in 30 B.C., when the defeat of Cleopatra's forces in the battle of Actium transformed Egypt into a Roman province. And during the great earthquake and tidal wave that struck the city in the fourth century, the royal quarter vanished.

That left even its layout to be debated among scholars unable to uncover what the accounts say were a Ptolemaic palace, Mark Antony's Timonium, and temples of Isis and Poseidon. Cleopatra was the last of the Ptolemies, the dynasty of Egyptian rulers of Macedonian descent that was established after Alexander's death.

Scholars say it is almost certainly too soon to tell which of the red granite, basalt, marble and limestone blocks that Mr. Goddio and his team are painstakingly mapping, photographing and cataloguing on the gloomy harbor floor might have been part of any particular structure.

"We are excavating a town in which Cleopatra lived, but to this day there are no remains that can be precisely identified with her," said Manfred Clauss, a German expert on Cleopatra and a professor of ancient history at Goethe University who is providing advice on the project.

For researchers, an additional problem beyond the fact that the relics are underwater is that they must almost certainly remain there. After being sodden for so long in brine, even the hardest of stone cannot withstand exposure to the air unless it is first desalted, a process that can take as long as two years.

Mr. Goddio and his team have agreed with Egypt's Supreme Council on Antiquities that everything found will remain beneath the surface, where it is to be cleaned, examined, photographed and mapped, under the supervision of Egyptian archaeologists.

Even for an object as small as a 1.2-meter-long sphinx, the process can be slow, taking a team of two divers as long as a week just to pick away the deposits that encase just about everything on the harbor floor.

And although special lights and ultra-wide-angle lenses make it possible to photograph most of the finds even in the underwater gloom, the team has had to come up with other techniques to record evidence that is less easy to see.

"They promised us last year that the sewage would stop in March, but nothing has changed," a diver who insisted on anonymity said of the Egyptian authorities. "Now they say it will stop by the end of 1998. It's great to uncover antiquity, but it would sure be better without all this modern muck."

Agence France-Presse

PIPE DREAMS — Two young boys skipping over leaks in the drainage pipes at the metallurgical factory complex in Norilsk, Russia, where more than half of the world's total production of nickel is processed.

Gadhafi Calls the Demands On Lockerbie 'Ridiculous'

Compiled by Our Staff From Dispatches

ZUWARAH, Libya — Colonel Moammar Gadhafi met President Nelson Mandela of South Africa on Wednesday and reiterated his refusal to extradite two Libyans sought by the West for a 1988 airliner bombing over Lockerbie, Scotland.

The meeting, announced only days earlier, had prompted speculation that the South African leader might try to mediate an end to UN sanctions imposed in 1992. South African officials, however, denied that Mr. Mandela had any such plans.

The sanctions were meant to force Libya to turn over two agents suspected of masterminding the bombing of the Pan Am jet that killed 270 people.

The sanctions limit diplomatic contacts, ban arms sales and prohibit flights to and from the country.

Mr. Mandela made a two-day visit to Libya last week on his way to a Commonwealth summit in Britain. The Wednesday visit to Zuwarah, a coastal town about 100 kilometers (60 miles) west of the capital of Tripoli, came on his return to South Africa. Mr. Mandela arrived in Zuwarah by car from neighboring Tunisia.

Mr. Mandela advised Colonel Gadhafi Wednesday to support the United Nations in its efforts to "reduce tension, conflict and violence."

"It is important to understand the importance of moderate language in dealing with our affairs," Mr. Mandela said in a speech in a stadium in Zuwarah.

The South African president did not specifically mention the Lockerbie issue in his comments.

Colonel Gadhafi said he accepted Mr. Mandela's advice, but at a news conference after the president's departure, the Libyan leader emphasized that he would not change his stand.

"Mandela's advice was clear, he calls for joint efforts for peace," he said. "But that Libya hand its sons to the United States or Britain," this is a "ridiculous demand."

"We want a trial in a neutral country," he said. "If they don't want it, they don't want it," he said, referring to the United States and Britain. "They will be the losers."

Mr. Mandela left Zuwarah after awarding Colonel Gadhafi the Order of Good Hope, the highest South African honor a foreigner can be awarded.

(Reuters, AP)

John Reese Stevenson, 76, Dies; Was Expert on Law of the Sea

New York Times Service

NEW YORK — John Reese Stevenson, an international lawyer who represented the United States at the Law of the Sea Conference in the 1970s and served as board president of the National Gallery of Art until 1993, died Oct. 25 at his home in Fort Worth, Texas, of multiple systems atrophy, his family said. He was 76.

Mr. Stevenson was a former chairman of the law firm of Sullivan & Cromwell of New York. He joined the firm in 1950 and interspersed his private law career with lengthy, and increasingly weighty, stints as an adviser to the State Department.

His public service culminated in assignments connected with efforts to draft an international convention for the high seas and the use of their resources. He also represented the United States in a case involving Namibia in 1970 and assisted in 1984 in arguments between the United States and Canada over where to draw the border in the Gulf of Maine.

Representative Walter Capps, Was Freshman Congressman

WASHINGTON (AP) — Representative Walter Capps, 63, a California Democrat who came to Washington as a rare liberal in a traditionally Republican district, died from what colleagues said apparently was a heart attack at Dulles International Airport.

Mr. Capps, of Santa Barbara, was en route back to Washington as the House was preparing to vote on a defense bill when he collapsed about 6 P.M. Tuesday at the airport.

T. Dale Stewart, 96, an Expert At the Smithsonian on Bones

WASHINGTON (AP) — T. Dale Stewart, 96, an anthropologist and one of the world's leading experts on human bones who served his entire career at the Smithsonian Institution, died Monday from a heart ailment in Bethesda, Maryland.

Mr. Stewart was a former director of the Smithsonian's Museum of Natural History. He continued his research there for more than 20 years after retiring from the institution.

While his expertise was in the skeletal remains of earlier-known humans, Mr. Stewart also did contemporary bone work for the FBI and the Army. He was an FBI consultant for more than 20 years, helping the agency identify human skeletons in criminal cases. For the Army, he helped the Graves Registration Service identify the remains of soldiers killed in combat.

He began his Smithsonian career as an assistant to the curator of physical anthropology.

BRIEFLY

Pollard Goes to Court To Pressure Israel

JERUSALEM — The convicted spy Jonathan Pollard asked the Supreme Court on Wednesday to force the Israeli government to take responsibility for his actions and recognize him as an agent.

Israeli leaders have maintained that Mr. Pollard, a former U.S. Navy intelligence analyst, passed secret U.S. military documents to Israel in the mid-1980s without official Israeli sanction.

At a private hearing on a petition by Mr. Pollard's wife, Esther, a three-judge panel ordered the government to grant her meetings with senior security officials during the next two months, and then return for another hearing. Mr. Pollard has served 13 years of a life prison term in the United States. *(AP)*

7 Parties in Algeria Back Protest March

ALGIERS — Seven political parties, including two in the governing coalition, called Wednesday for a march Thursday against what they said was "massive fraud" in elections Oct. 23, while the government sought to keep the focus on the insurgency by Islamic militants.

Thirteen more people died in two more attacks this week, the authorities said. *(AP)*

Ontario Seeks Ban On Teachers' Strike

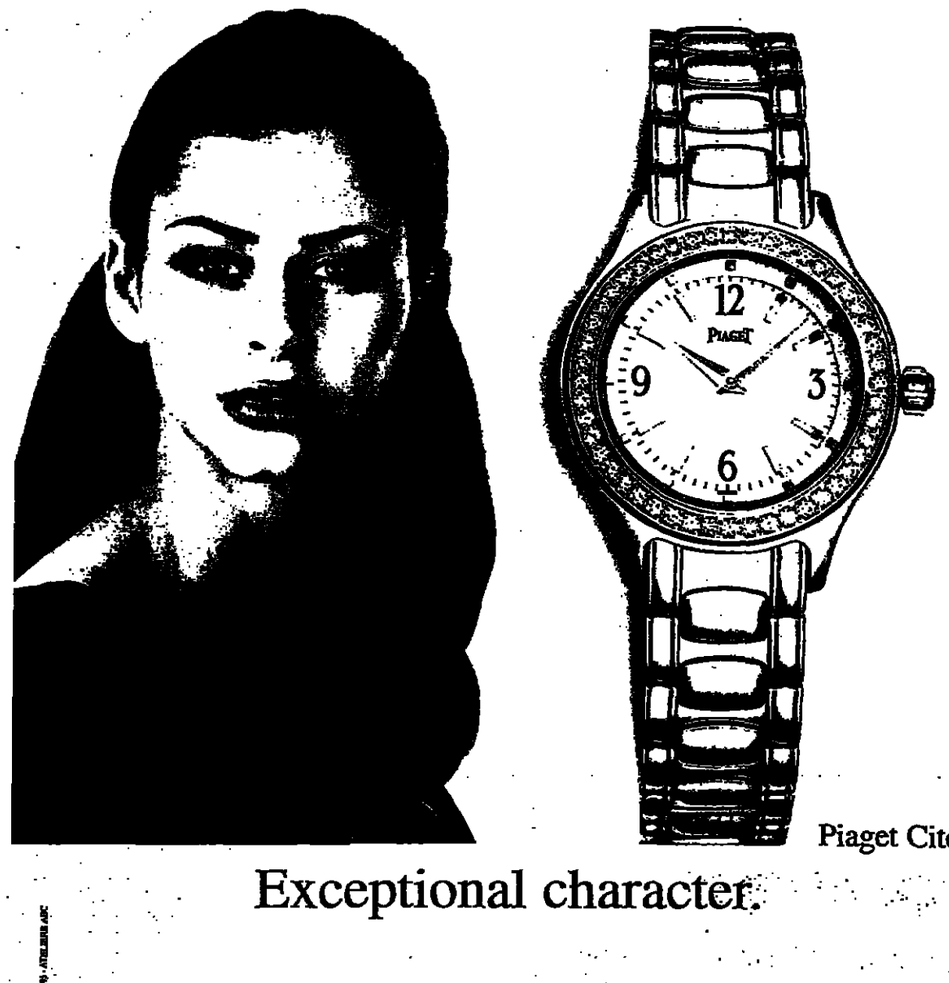
TORONTO — The Ontario government filed for a court injunction Wednesday to end a teachers' strike that has prevented 2.1 million students from attending class in the province.

The motion to force 126,000 unionized teachers back to work is expected to be heard Friday, but schools will likely remain closed for at least a week while the case is being heard. *(Reuters)*

Mexican Economist Is New Envoy to U.S.

MEXICO CITY — An economist who belongs to a prominent Mexican political family has been sworn in as ambassador to the United States and has vowed to improve prickly relations with the U.S. Congress.

Jesus Reyes Heroles, 45, a former energy minister, also declared Tuesday that his government would spend more money to help Mexican migrants in the United States. *(LAT)*



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Jiang in Washington Hears Guns and Jeers

Protests Rival Red-Carpet Reception

Compiled by Our Staff From Dispatches

WASHINGTON — Demonstrators jeered Wednesday as the echoes of a 21-gun salute drifted across the park where they gathered to protest President Bill Clinton's red-carpet welcome for President Jiang Zemin of China.

Buddhist monks mingled with Chinese-Americans wearing cartoonish masks of Mr. Clinton in the shadow of an eight-foot replica of the Goddess of Democracy, symbol of the Tiananmen Square student movement. They had come together to protest China's policies on everything from human rights, Tibet and Taiwan to nuclear arms, the environment and child labor.

"We just imagined it was another 21 bombs going off in Tibet," said Tenley Palsang, a student from Massachusetts.

As Mr. Jiang arrived at the White House for a welcoming ceremony at noon, the demonstrators began chanting "Shame on China, Free Tibet."

Hundreds of people supporting Taiwan marched from Washington's Mall to streets around the White House.

"If we want to transform China into a progressive country, we must change the bad politics first," said Fang Nengda, a former teacher in China who was placed under house arrest for his political beliefs. "If China does not change the broad system of politics, education cannot make a difference."

The pro-Taiwan group urged the United States to support Taiwan's independence.

"We want Taiwan to be for the Taiwanese," said Su Chang, who came to Washington from Atlanta.

Police officers on motorcycles, in cars, on horseback and on foot watched over Lafayette Square, a park opposite the White House. The area of the park closest to Blair House, where Mr. Jiang is staying, was enclosed with a temporary fence, making it off limits to demonstrators.

Richard Gere, an actor and a longtime advocate of Tibetan autonomy, was one of the key speakers at the "Let Freedom Ring" rally and lambasted Mr. Jiang for his suppression of political dissent and his record on human rights.

"I was in a rage yesterday thinking of Jiang Zemin being able to quote the Declaration of Independence clearly," he said in a television interview. "This is an outrage. There are no freedoms in China. There are no freedoms in Tibet."

Five human rights groups were the driving force behind the rally, but more than 30 other organizations joined in support of the demonstration, pulling together an unusually diverse coalition of groups and individuals.

Anti-abortion activists rubbed shoulders with environmentalists, while religious conservatives mobilized alongside AFL-CIO union leaders, liberal Democrats and celebrities such as Mr. Gere and Bianca Jagger.

Bette Bao Lord, a Shanghai-born author, was scheduled to address the gathering and a few hours later attend the formal White House state dinner for Mr. Jiang with her husband, Winston Lord, a former assistant secretary of state for Asia.

"We will work together on this issue and agree to disagree on others and everybody is pretty comfortable with that," said Gary Bauer, president of the conservative Family Research Council, which is also taking part.

Mr. Jiang is making the first state visit by a Chinese president since the 1989 crackdown on student-led demonstrators near Beijing's Tiananmen Square.

Groups participating in the rally included the Sierra Club, the Committee to Protect Journalists, the National Consumers League, the Child Labor Coalition, and Friends of the Earth.

Amnesty International USA, Human Rights in China, the International Campaign for Tibet, Democracy in China and the Robert F. Kennedy Memorial Center for Human Rights organized the demonstration at the park. *(Reuters, AP)*

Doug Mills/The Associated Press

White House visitors greeting Jiang Zemin on Wednesday, while outside protesters jeered.

Don't Yield To U.S., Iran Tells Chinese

Reuters

TEHRAN — Iranian state radio said Wednesday that China would lose credibility if it gave in to U.S. pressures on its nuclear and military ties with Iran during the summit meeting in Washington.

"Most analysts believe any flexibility by Beijing could jeopardize China's credibility as an important international power," state-run Tehran radio said in a commentary about the meeting between President Jiang Zemin of China and President Bill Clinton.

"This would also raise doubts among China's partners around the world about the stability of their cooperation with China," the radio said.

Mr. Clinton was expected to announce formally his approval for the sale of U.S. nuclear reactors to China as part of a deal in which Beijing gives assurances it is not providing nuclear technology and missiles to Iran.

Iran stressed last week its nuclear cooperation with China was for peaceful purposes and accused the United States of trying to disrupt Chinese-Iranian relations.

In reaction to reports that China was halting cruise missile sales to Iran, Tehran also said it did not plan to buy missiles from China.

Talking Points: The Issues Before Clinton and Jiang

The Associated Press

Following are some issues at stake in the U.S.-China summit meeting:

Nuclear: Implementation of the 1985 U.S.-China Nuclear Cooperation Accord, with President Bill Clinton certifying to Congress that China is no longer selling or transferring nuclear technology to other countries for weapons development, particularly Iran and Pakistan. This would allow the U.S. nuclear industry to export to China.

Relationship: Agreement to regular meetings between the two governments at every level, including annual meetings of heads of state.

Military: A military maritime cooperation accord to handle incidents at sea by establishing closer communications and rules for when the nations' ships and submarines encounter one another. Increasing openness between the militaries.

Taiwan: Reiterating that U.S.-China ties are governed by three joint communiqués signed in 1972, 1979 and 1982, establishing a "one China" policy in which America recognizes Beijing as the Chinese government, and does not have official diplomatic ties with Taiwan. Beijing sought but will not get a fourth joint communiqué on the topic.

Trade: The Chinese will sign a deal Thursday to buy 30 Boeing Co. airplanes for $1.9 billion and will also sign a letter of intent to purchase an additional $1.1 billion worth, partly to assuage U.S. concerns about the growing trade deficit, expected to reach $44 billion this year.

Hot Line: Establishing a direct communications link between the presidents, a symbolic gesture.

Human Rights: China may agree to open a "dialogue" on human rights, the biggest area of disagreement between the two nations.

Environment: Enhancing anti-pollution programs for cleaner coal technology and programs to expand electricity into rural areas in China.

BRIEFLY

A Clash Over Workers' Rights

HONG KONG — Four labor campaigners clashed with guards in the gallery of Hong Kong's legislature during a debate Wednesday on a curtailment of workers' rights.

Five guards and a protester were injured when they fell down a flight of stairs during the eviction of the protesters from the building, radio and television reports said. The protest was mounted as the unelected legislature, which supplanted the elected legislative body when China took over Hong Kong on July 1, was ratifying the suspension of a labor liberalization passed in the last days of British colonial rule.

After a 20-minute delay, the legislature voted, 30 to 14, with 6 abstentions, to suspend laws that would give workers the right to collective bargaining, deter employers from discriminating against union members, and allow unions to spend money in political campaigns.

Business groups had demanded the repeal, saying the laws would raise labor costs and hurt the economy. *(AP)*

AIDS Seen Worsening in Asia

MANILA — A 65-nation congress on AIDS ended Wednesday with warnings of a more virulent epidemic in Asia, but offered no solution as to how millions of impoverished Asians could afford expensive drugs developed in the West.

The congress issued a manifesto calling for increased government funding of the campaign to combat the epidemic, and inclusion of the HIV/AIDS problem in all health planning. People afflicted with the virus "should not be subjected to discrimination and stigma," it said.

A group of Asian prostitutes marked the conference's final session by calling on governments to recognize their profession, saying that being forced to work underground was promoting the spread of the disease. *(Reuters)*

Missionary Is Dead in India

NEW DELHI — A Roman Catholic priest was found beheaded in a forest in northern India, apparently killed for aiding the region's "untouchables," the priest's associates said Wednesday.

A search party from the Australian-run mission that employed the Reverend A. T. Thomas found his decapitated body Monday near Sirka village, three days after Father Thomas was abducted from the village's meeting place.

Father Thomas was the third Catholic clergyman killed in the past two years in Bihar, India's least-developed state, where caste-based gang wars have killed hundreds of residents in recent years. *(AP)*

Ieng Sary Meets With Hun Sen

PHNOM PENH — In his first visit to Phnom Penh since the Khmer Rouge was overthrown in 1979, Ieng Sary, the regime's former deputy prime minister for foreign affairs, met with the Cambodian leader, Hun Sen, on Wednesday.

Officials did not make public details of the meeting, but sources said Mr. Ieng Sary, who came to the capital Tuesday in a government helicopter from his northwestern base at Pailin, apparently discussed limiting the continuing fighting in Cambodia. *(AP)*

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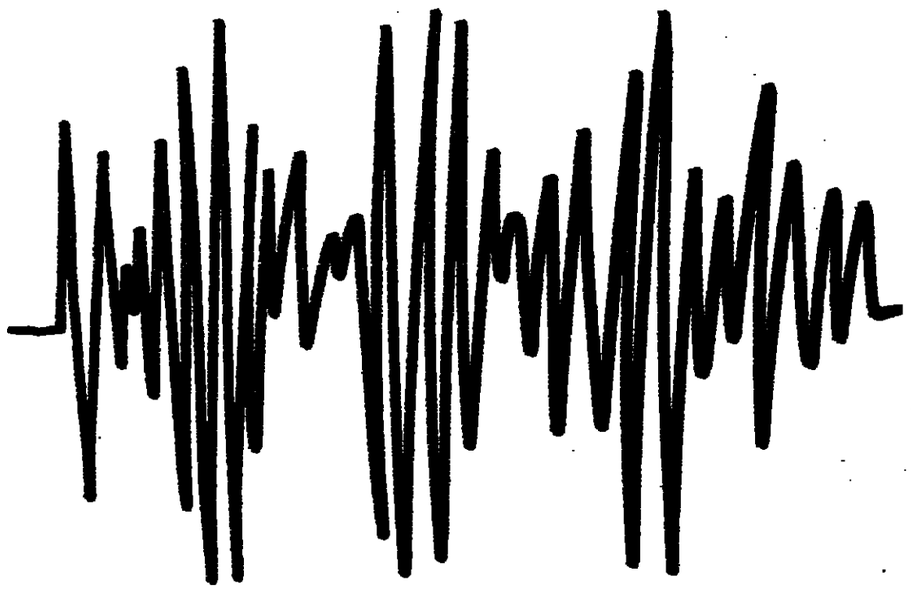

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Financial Turmoil in Asia.
How Serious? Will It Spread?

A Special Section on Monday, November 3rd.

The plunges in stock markets and currencies in much of Asia in recent weeks have rattled economies and forecasts throughout the region, as well as in Europe and America.

As part of its continuing daily coverage of this important and dramatic story, the International Herald Tribune will provide a special section on Monday, November 3, bringing together the best up-to-date assessments of:

- How serious is the decline in Asian economies?
- What are the likely consequences in Asia, Europe and America?
- What will it take to bounce back?
- What is the longer term outlook?

Included in this special section are overview pieces from IHT correspondents in Asia, Europe and the United States and ten individual country portraits by correspondents focusing, concisely, on Thailand, Malaysia, Indonesia, the Philippines, Hong Kong, China, Taiwan, Singapore, Japan and South Korea.

The currency crisis gripping the region had its roots in Thailand's currency devaluation on July 2. It was on the front page of the July 3 International Herald Tribune and it has stayed on the front page consistently as the story has unfolded and spread.

Don't miss this Special Section on November 3 for continuing coverage.

THE WORLD'S DAILY NEWSPAPER

مكتبة الأهلية

EUROPE

Swiss Banks Issue a New List of 14,000 Dormant War-Era Accounts

The Associated Press

GENEVA — Swiss banks made public a new list of 14,000 dormant World War II-era accounts on Wednesday, apparently in a sweeping attempt to return long-held assets to Holocaust victims or their families.

For this latest listing, supervised by international investigators, 123 banks including small savings institutions searched their records to find accounts containing very small sums. The latest findings totaled about $12.4 million, bringing to $54 million the amount found in unclaimed accounts over the past two years. That is far short, however, of the hundreds of millions of dollars that some Jewish groups assert is missing.

The banks have said they will add interest according to a formula to be devised by the American financial consultant, Henry Kaufman.

The new listings came with no assurances that all the funds belonged to Holocaust victims. Most simply represented the names on dormant accounts found in 57 banks that were opened by non-Swiss depositors before the end of World War II. "Dormant" means the banks have no records that the owners of the accounts have contacted them since May 9, 1945.

The list also includes all Swiss-opened dormant accounts containing about $70 or more. It was a common practice during the war years for Holocaust victims to ask contacts in Switzerland to open accounts for them, so the Swiss deposits could also be linked to the Holocaust.

The average amount in the newly listed non-Swiss accounts is just under $1,200. The Swiss-held accounts regarded as big enough to list averaged a little less, the bankers said.

Rabbi Abraham Cooper, assistant dean of the Simon Wiesenthal Center, welcomed the new list as "a significant step," but urged the banks to freeze any Nazi-linked accounts on the latest list.

"It remains to be seen just how far the banks are ready to go" in shedding light on Switzerland's banking links to Nazi Germany, Rabbi Cooper said.

The Swiss Bankers Association said Wednesday that it had taken pains to avoid a repetition of last July's inclusion of known Nazis. But if any names were missed, "in no case will criminal assets be paid out," the association said.

Rabbi Marvin Hier, founder of the Los Angeles-based Wiesenthal Center, said the Swiss banks removed "hundreds" of names of possible Nazi criminals before publishing the latest list. Rabbi Hier said that Christoph Meier, a senior official of the bankers association, told him there were some exact matches with names of Nazis.

"It's not the top Nazis, not the top 25 or 30 names that you would expect," Rabbi Hier said from New York in a telephone interview. The center would help check out the bank's list of suspected Nazis, he said.

Swiss banks started easing their secrecy in July, when they published 1,872 names on unclaimed World War II-era accounts in newspaper advertisements worldwide and on the Internet.

Those accounts tended to be larger than those of the latest batch, containing a total of $14.5 million. The Wiesenthal Center said 11 names on that list were the same as those of known Nazis.

About 30,000 people have inquired about the first list and automatically will receive the new list. More than 10 percent of the people to inquire have filed claims.

But the banks have faced protests from some Holocaust victims' relatives unable to find their names on the list, as well as from families with no connection to the Holocaust who resented the invasion of their privacy.

Partly for that reason, and also because the latest list is so long, none of the names are being published in newspapers. About 3,700 non-Swiss names have been posted on the Internet, while the remaining 10,000-plus Swiss names will be provided to people who contact the banks or their representatives overseas.

Some relatives of Holocaust victims said they did not believe the new lists would include all the names of people who had accounts.

"The lists are a fraud," said Gizella Weisshaus of New York, who is part of a $20 billion class-action suit filed against the banks in U.S. District Court. Ms. Weisshaus is seeking an account she says was opened by her father, Eugen Stern, of Sighet, Romania.

Besides the 14,000 names made public Wednesday, officials have uncovered 64,000 other dormant accounts bearing Swiss names that contain $690,000 in deposits of less than about $70 each.

The Ghosts of Russia's Past

In a Nation Intent on Forgetting, a Plan to Open Soviet-Era Gulag to the Public Arouses Hostility

By Alessandra Stanley
New York Times Service

KUCHINO, Russia — The only sign of life amid the cluster of blackened, rotting wooden shacks is one that portends death: a freshly painted green guard tower that once loomed above the inmates of Perm 36, the most notorious labor camp for political prisoners in the Soviet Union.

Figures like Natan Sharansky, Sergei Kovalyov, writer Vladimir Bukovsky and the Ukrainian nationalist Levko Lukyanenko were among the 2,000 dissidents and artists who did time in this isolated prison complex in the Urals.

Vasyl Stus, a Ukrainian poet who was nominated for the Nobel Prize in 1985, died here a month before the prizes were awarded. The exact cause of his death in a punishment cell on the night of Sept. 4, 1985, is still a mystery.

And it is to roll away the thickening mist of mystery and amnesia about the Gulag that a few local academics are trying to reconstruct Perm 36, much of which was razed by bulldozers in 1989. They want to restore its lumber mill, cellblocks and barbed-wire fences as a living museum of Soviet repression.

If the museum is completed — the organizers hope to open it in May — Perm 36 will be the only Soviet-era labor camp that can be visited by the public.

Unlike Germany, where the main concentration camps have been preserved as museums, Russia has few visible traces of its recent, harrowing past. Oct. 30 is a national day of mourning for the victims of Stalinist repression. Mostly it is commemorated by dwindling numbers of survivors and the children and grandchildren of the victims.

There is a strong sense of collective victimization among Russians but as yet little coming to terms with a past that millions of older, Communist Russians still view with pride. In a nation bent on forgetting, the museum is the most tangible attempt to illustrate the darkest corners of the Communist system.

"I'm a historian, so I know how quickly memory vanishes," said Victor Shmyrov, 50, a professor of medieval history in Perm who is leading the restoration effort. "When I saw how the camp was disappearing, I thought that it has to be saved for history."

The effort to restore Perm 36 has unleashed painful undercurrents.

The region's governor is a supporter and allocated some money from his budget for the restoration. Local Communists are vehemently opposed.

Even some Gulag survivors are ambivalent. "To show people exactly how the alarm system worked is stupid," said Rudolf Bedeneyev, 58, a sculptor who spent three years for anti-Soviet activities in a prison 40 miles north of Perm 36 that he described as "10 times worse."

"A memorial has to be convincing," he said. "To touch people's souls, you have to express it artistically, not practically."

Some Gulag survivors are offended by the intrusion of people who did not share their experience.

Mr. Bedeneyev expressed scorn for Mr. Shmyrov and his ilk. "Not one of them is a *zek*," he said, using the Russian slang word for inmate.

"How can they lay claim to this?"

The Gulag Archipelago, as one of its most famous zeks, Alexander Solzhenitsyn, famously named it, was an intricate chain of prisons, labor camps and remote areas of exile stretching across thousands of miles. Scholars estimate that as many as 20 million people died in the prison camps as a result of Stalin's repressions. Many millions more were imprisoned or deported to remote areas.

The death camps of Kolyma and Magadan were closed after Stalin's death in 1953. But thousands of other prisons and labor camps across the Soviet Union kept working well into Mikhail Gorbachev's period of *perestroika*, or restructuring.

Perm 36 was closed in December 1987. The last remaining 10 political prisoners were released from nearby Perm 35 in 1992 by President Boris Yeltsin — the year after the Soviet Union collapsed.

Most of those prisons and labor camps have vanished — bulldozed or smothered by snowdrifts. Though a few tour operators now offer summer boat trips to some of the more ghostly sites of the former Gulag, only fragments remain.

There are virtually no films or photographs of the Soviet prison system. "Unlike the Nazis, who were proud of their actions, our government knew it was doing something wrong," Mr. Shmyrov said. "They hid what they were doing."

The local Perm chapter of Memorial, a historical society dedicated to victims of Communist oppression, is co-sponsoring the effort. The reclusive Mr. Solzhenitsyn agreed to serve on the museum's board. But even among survivors, there is a reticence about dwelling on their suffering.

Sergei Kovalyov, a civil-rights activist who spent five years in Perm 36 and another two in a jail in Tatarstan, supports the museum, but spoke offhandedly about his experiences.

"Prison is prison anywhere," he said with a shrug. "It was a different time and place. Kolyma under Stalin was a real death camp. I did not expect death here, but I saw older people get sick and left without any medical assistance."

But by any Western standard, Perm 36 was a hellish place.

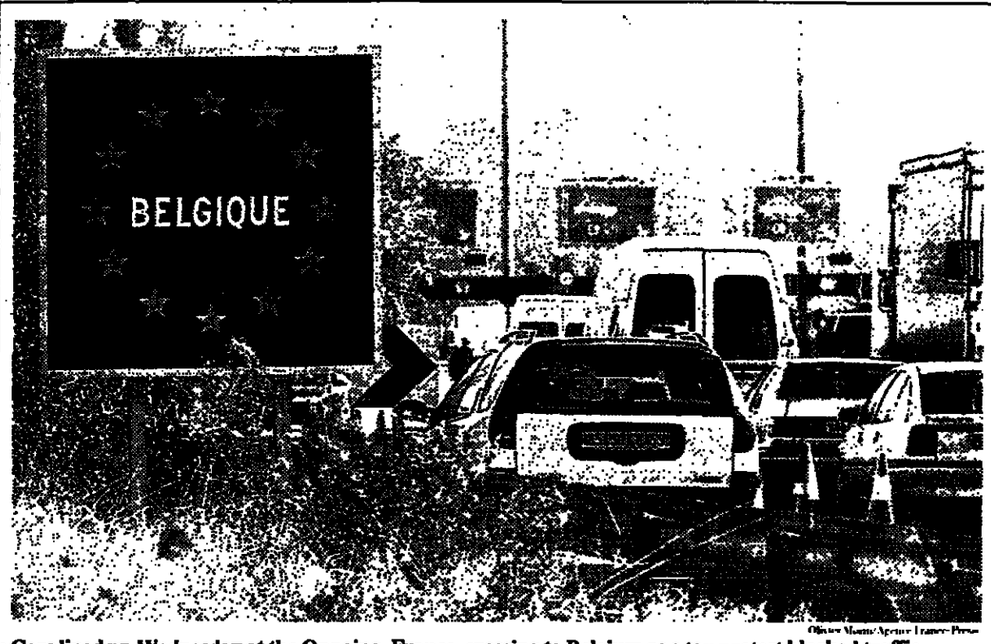
The museum's organizers have faithfully recreated the "maximum security zone," where so-called recidivists were kept in cellblocks, four and six men to a cell, and were walked across the narrow corridor each morning to heavily barred workrooms.

The organizers want visitors to finger the thin striped cotton uniforms that prisoners were forced to wear even in the dead of winter, examine the iron bunk beds they slept on, see the sunken holes that served as both sinks and toilets. They will walk the "exercise yards" — 6 foot by 6 foot metal boxes, where a sliver of sky could be seen only by craning the neck upward and peering through a thick crosshatch of barbed wire.

A burly former prison guard, Ivan Kukushkin, 41, now works as a laborer in the construction site of the camp he once helped rule. "We believed they were here for a good reason," he said brusquely. "Nobody then knew anything, even if now some people say the prisoners were right."

It is not easy for visitors to visit Perm 36. The camp is a four-hour circuitous drive from Perm, and a new, more direct road to the area will not be completed until next summer.

The restoration, moreover, is far from complete, and funds are scarce. The museum builders are living on small grants from the Ford Foundation and the regional government and occasional gifts of materials.



Olivier Morin/Agence France-Presse

Cars lined up Wednesday at the Onnaing, France, crossing to Belgium as a tax protest blocked traffic.

EU Urges France to Keep Corridors Open if Truckers Strike

Reuters

BRUSSELS — The European Commission said Wednesday it had contacted the French government to appeal for some transportation routes to be left open in the event of strike action by truckers.

"We have written to the French authorities, asking them to continue their strenuous efforts to resolve this before it comes to a strike," said Sarah Lambert, a spokeswoman for the European Union's transportation commissioner, Neil Kinnock.

If a strike is unavoidable, she said, the authorities had been asked to ensure "that there are free corridors where transit can travel unhindered."

Wage negotiations between the truckers and employers broke down early Wednesday, leaving little hope of resolving the dispute before a Sunday deadline. The parties are seeking to avoid a repeat of a crippling 12-day strike and road blockade that brought France to a standstill last year.

Truckers' representatives have threatened to start blocking roads Sunday night. Plans have been drawn up for about 180 roadblocks.

Polish Leader Names Cabinet

Agence France-Presse

WARSAW — The new prime minister, Jerzy Buzek, submitted a cabinet list Wednesday to President Aleksander Kwasniewski that called for the two coalition parties to share the post of deputy prime minister, settling a drawn-out dispute.

Mr. Buzek had to postpone the announcement of his center-right government for several hours because of last-minute disagreements over the allocation of ministerial posts.

The two new deputy prime ministers are Leszek Balcerowicz, head of the free-market Freedom Union, and Janusz Tomaszewski of the Solidarity Electoral Action, which is dominated by the Solidarity trade union. Mr. Balcerowicz was also appointed finance minister and Mr. Tomaszewski interior minister.

The cabinet has 15 ministers and five ministers without portfolio. The appointment of the Freedom Union leader as finance minister indicated to some that the government was eager to continue economic reform efforts. Mr. Balcerowicz has been the prime mover behind Poland's shift to a market economy.

The major politician not in the cabinet is the leader of Solidarity Electoral Action, Marian Krzaklewski, who chose not to take the job of prime minister, probably with an eye on the next presidential elections.

Several key ministries were given to Freedom Union members, including the Foreign Ministry, which was given to the historian Bronislaw Geremek. Janusz Onyszkiewicz was appointed defense minister.

BRIEFLY

Judge Orders Papon Trial To Be Resumed Friday

BORDEAUX — A French judge ruled Wednesday that the trial of the ailing former cabinet minister Maurice Papon, accused of organizing the deportation of Jews to Nazi concentration camps, should resume Friday.

Judge Jean-Louis Castagnede said a doctor had ruled that Mr. Papon, facing charges of crimes against humanity, had almost recovered from the severe bronchitis that forced a suspension of his trial Thursday.

Leading historians on the World War II period are scheduled to testify Friday, including the American Robert Paxton, whose work has helped unveil evidence of French collaboration with the Nazis.

Mr. Papon is accused of ordering the arrests of about 1,600 Jews from the Bordeaux region during the war. *(Reuters)*

More Jewish Tombstones Attacked in East Germany

BERLIN — A Jewish cemetery here was vandalized when unknown assailants knocked over tombstones of three Jews killed during the Holocaust, the leader of Berlin's Jewish community said Wednesday.

The leader, Andreas Nachama, said the attack at the Weissensee Cemetery in the former East Berlin where 180,000 Jews are buried was the second on Jewish cemeteries in Berlin in a little over a month.

Twenty-eight tombstones in a cemetery on Schoenhauser Allee in Prenzlauer Berg, where 22,500 are buried, were toppled in September.

"One cannot overlook the fact that there has been a threatening increase in acts that are motivated by hatred of Jews," Mr. Nachama said. Since German unity in 1990, assailants have spray-painted swastikas on Jewish tombstones in several cemeteries in the former East Germany. Authorities suspect far-right extremists have been responsible. *(Reuters)*

Winter Storms Hit Italy

ROME — Snow and chilly winds blew across Italy on Wednesday, forcing some earthquake victims living in tent camps to seek shelter in hotels and causing a fishing boat to capsize in high seas. Four sailors were believed to have died.

Temperatures dropped from 22 degrees centigrade (72 degrees Fahrenheit) to 11 degrees centigrade (52 degrees Fahrenheit) in Rome, which had enjoyed balmy weather in recent days. Winter conditions with freezing temperatures were recorded in the Apennines and the Alps.

Dozens of children and elderly people left homeless by a series of earthquakes starting Sept. 26 in Umbria moved into hotels to escape the cold of their tents. Four people were presumed dead after a small fishing boat capsized during the night off Catania, Sicily, news reports said. *(AP)*

Plea for Basque Sentences

MADRID — The prosecutor in a trial of Basque separatist politicians repeated his demand for maximum eight-year prison terms against each of the 23 defendants in a brief court session here Wednesday.

Defense attorneys, who have demanded the acquittal of their clients, the leaders of the radical Herri Batasuna coalition, questioned the constitutionality of the charges and asked the Supreme Court to consult Spain's constitutional tribunal before handing out a ruling.

The defendants are charged with collaborating with armed Basque ETA militants. *(AFP)*

Book on French Deputy's Murder Withdrawn

The Associated Press

PARIS — A French publishing house has decided to withdraw a controversial book from publication after a court ruled it must remove 17 passages implicating a former defense minister in a 1994 murder.

The court's decision Tuesday highlighted how French courts have traditionally been willing to censor or ban books that break the country's strict libel or privacy laws, even after publication.

"The Yann Piat Affair, Assassins at the Heart of Power," had already been on sale for months. But earlier this month, the court temporarily halted sales and ordered the authors to prove their allegations.

Yann Piat, a Parliament member who had started an anti-corruption campaign in her Riviera district, was shot dead Feb. 25, 1994 by two men on a motorbike which drew up alongside her car as she was being driven to her French home outside the city of Toulon.

The book, citing an unnamed retired general as its source, alleges she was killed because she was about to disclose a plan to sell military land in southern France to the Mafia.

Without using names, it implies that Francois Leotard, a former conservative defense minister, and Mayor Jean-Claude Gaudin of Marseille, a former conservative minister of urban affairs, were responsible.

The book provoked a storm in political circles. Conservative politicians called it a plot to destabilize rightist candidates in southern France ahead of next year's regional elections.

In the book, Mr. Leotard is referred to as "the squid" and Mr. Gaudin as "the scooter." But other identifying details are provided, including the fact that they were both political stars of the then-ruling majority, and descriptions of their roles in local politics.

Mr. Leotard sued the book's authors, Andre Rougeot and Jean-Michel Verne, and the publisher, Flammarion, demanding that the offending passages be removed from the book.

A Paris court late Tuesday ordered Flammarion to immediately recall all books still in stores and remove the offending passages. It said it would fine the publisher 5,000 francs ($865) each time an uncensored book is sold.

But Flammarion said it would not release the book without the passages in question.

"Rather than suppress the passages, the editor has chosen to withdraw the book from distribution," said Flammarion's lawyer, Jean-Yves Dupeux.

In its decision, the court said the journalists' refusal to reveal their sources during a hearing last week meant they "were not able to establish the truth of the facts and the seriousness of the investigation they claim to have led."

The Defense Ministry, meanwhile, denied on Wednesday that armed forces intelligence officers were involved in planning the killing of Mrs. Piat. The ministry said most of the military information in the book was "incorrect."

Mr. Leotard plans to bring a libel case against the authors of the book.

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A Warning Bell

Federal Reserve Board Chairman Alan Greenspan indicated earlier in the year that he thought the stock market was overvalued. When some of that value was lost on Monday, Treasury Secretary Robert Rubin noted that the underlying economy was still sound. The observations don't conflict. The likelihood is that both are right. There was and perhaps still is a bit too much meringue atop what is otherwise a strong economy.

The market handled the Monday sell-off smoothly. There was some grumbling about the circuit-breakers that twice halted trading; you only add to panic if you tell people who want to sell that for the next hour they can't, so the argument goes. But on balance such cooling-off periods seem to us to have a calming influence.

More important are the other safeguards that have been built into the market over the years. Companies are required by law to provide investors with an enormous amount of information; the information tends to be accurate; limits have been imposed on such speculative and essentially circular practices as the buying of stock on margin. If the market is overpriced, it also rests on a fairly solid floor.

The sell-off nonetheless includes a warning. President Bill Clinton and Mr. Rubin are right that this is an extraordinary economy in which low inflation and low unemployment have managed to coexist to a degree that most economists a few years ago would have said was impossible.

The current expansion is now into its seventh noninflationary year. But it is unrealistic to expect the good times to last forever; they never have before. People in government who are already spending imagined budget surpluses should wait a while. The surpluses depend on a steady continuation of economic growth, and at the federal level not even that will be enough once the baby boomers begin to retire.

A second lesson of the sell-off has to do with globalization. This is one that started in Southeast Asia. It's a world market now; there is no way to wall America off. That is part of the argument in behalf of the president's fast-track trade proposal: Like it or not, the United States is part of a world economy from the influence of which it cannot escape, and on which it turns its back at its peril. The stock market may have been frothy in recent years, but on Monday it also offered a useful reminder of reality.

—THE WASHINGTON POST.

A Networking Foreign Policy of Good Meetings

By Jim Hoagland

WASHINGTON — Bill Clinton's warm welcome for Jiang Zemin this week is not an isolated event. It grows out of a calculated, ambitious agenda to create "a set of partnerships where there is some assistance to the sole remaining superpower in dealing with problems around the world."

Those are Secretary of State Madeleine Albright's words. Despite their abstract quality, they provide a good guide to what Mr. Clinton now wants in foreign policy: He wants to know why we can't all just get along.

Mrs. Albright explains the Clinton agenda with a striking authority, suggesting the unlikely but successful partnership that has developed between this once combative, hawkish professor of international relations and the consummate protean politician.

She seems now to share, at least implicitly, President Clinton's conviction that good meetings and personal deal-making are the driving forces of big power politics.

A dozen times during a 70-minute conversation with Washington Post journalists on Tuesday, Mrs. Albright cited her meetings with diplomats from China, Russia, Israel, France and elsewhere to describe how America plays its role in the world today.

Asked about the administration's flagging relations with Russia, she admitted that "in certain areas we have disagreements with them." But she added, "We had a very good meeting" in New York on NATO recently.

On China: "We want to have a good meeting." On France: "They have assured us that disagreement is over tactics, not goals." On Israel: "You don't use levers with friends." On Asia's economic turmoil: "I had my own exchange with Dr. Mahathir. His views are unacceptable."

Her reference to her dressing down of Malaysia's erratic Prime Minister Mahathir bin Mohamad is the other side of the coin of basing diplomacy on the quality of meetings. Mrs. Albright is at her best in berating minor despots, from Croatia to Burma. The ones she has chosen have richly merited her artfully contrived wrath.

But the bad-meeting tactic goes out the window when big powers are in the room and Mr. Clinton becomes personally involved. With him, the good intentions of others, from Jesse Helms to Yasser Arafat, are assumed and made part of the negotiating strategy.

Asked why Mr. Clinton should believe new pledges from China about missile exports after previous promises did not hold, Mrs. Albright said: "They have changed their modus operandi." Asked about a promise from Laurent Kabila to allow an investigation of human rights abuses in Congo, she made a point of challenging Mr. Kabila's credibility: "We have heard words before. Now we would like to see action."

None of this suggests that Mrs. Albright is an egomaniac, or a bully with little countries and a toady with big ones. She is in fact ably accomplishing the job that Mr. Clinton has assigned her, with a priority on explaining U.S. foreign policy to the American people and to the world. She is eloquent, dedicated and smart in that difficult role after the Cold War.

What it does suggest is that there are pitfalls in the diplomacy of meetings and personality that seem to go unrecognized in this administration. Mr. Clinton still struggles to develop a core set of principles for foreign policy decisions that have been ad hoc and highly political in nature.

Is it revealing that when Mrs. Albright raised the question of how the administration sees America's role in the world, a roomful of journalists who have covered Mr. Clinton as president for five years waited in some uncertainty to see what she would say?

"We are setting up a network of cooperation," she said of Mr. Clinton's second-term diplomatic agenda. Acknowledging problems with countries like Russia and China, she dwelled instead "on the areas where we have great synergies," which she believes are growing, not shrinking.

President Clinton's America is actively seeking help from Russia, China and the rest against drug trafficking, terrorism and other global issues, she said. "Less and less confrontation" with them is possible and necessary, she believes. And it is important for Americans to understand that when other powers pursue their national interests, "it is not always against the U.S. ... — everything is not against the U.S. or for the U.S."

Mrs. Albright was a hard-nosed realist as a professor, one who did not show excessive faith in the benign intentions of others. But she now articulates the optimism of the man from Hope, Arkansas, and places it in a diplomatic framework. Synergy may or may not work with President Jiang, but it is clearly ascendant in Washington.

The Washington Post

Iraq Remains a Threat

For months, Iraq has actively misled United Nations inspectors about its continuing germ warfare program and blocked entry to military bases where prohibited materials may be stored. Now it is threatening to suspend all cooperation with UN monitors. But the UN Security Council seems reluctant to pressure Baghdad to back down.

Last week the Council voted to give Iraq at least six more months to improve cooperation before imposing new travel restrictions on uncooperative Iraqi officials, a step that the United States and Britain have been seeking since June. Even that vote proved too much for France, Russia and China. They all abstained and could use their vetoes to block action six months from now.

At this point, three of the Security Council's five permanent members and much of the Arab coalition that fought alongside America in the Gulf War are hoping that the sanctions against Iraq can be eased in the near future. The reasons are different in each case, but one underlying cause is the lucrative oil contracts Baghdad has been negotiating with many countries to take effect as soon as UN sanctions are lifted. Russian and Chinese companies have signed deals, and two French companies are close.

Arab countries, for their part, are legitimately concerned about the sufferings of the Iraqi people after more than seven years of international economic pressure. The additional sanctions proposed by the United States, however, are directed only at recalcitrant Iraqi officials and would have no adverse impact on civilians.

The dangerous erosion of international will can be reversed, but only if the Clinton administration makes an intensive effort to remind the Security Council holdouts how much they all have to lose if Iraq ever manages to acquire deliverable biological, chemical or nuclear weapons.

—THE NEW YORK TIMES.

Reparations to Mexico?

The customarily even-mannered president of Mexico, Ernesto Zedillo, snapped his cap the other day and told the Inter-American Press Association that the United States should pay his country reparations for the damage that drug trafficking has done it. The idea is absurd. From the context, Mr. Zedillo evidently meant to express Mexico's resentment of the process by which the United States annually threatens economic penalties against countries it deems unreliable partners in the anti-drug struggle. But his fit of pique is found to be taken as a flight from Mexico's own responsibilities in that struggle. Neither side needs this sort of contribution to the rhetorical wars.

Still, Americans, and especially those in Congress who support the annual "certification" exercise, need to understand its effects in the countries it is meant to stiffen and chastise. The policy is almost universally taken as an American flight from responsibility for the vast personal and institutional corruption that the drug trade inflicts upon producer/transit states such as Mexico. Huge as it is, the harm done by drug trafficking in the United States is small next to the harm done in Mexico and points south. That harm would not be done, or not nearly to the same degree, if the American drug market did not provide the immense boost that it does to the international trade.

The notion that the country that created and sustains their drug problem should judge and penalize them for failing to cope well with it fuels a rage no less intense than the rage that Mexican derelictions fuel in America.

The fact is that two countries, not one, are accountable for the narcotics trade. Mexico tries in its fashion and largely fails. The United States also tries and also largely fails. The Mexicans' excuse is that their law enforcement framework cannot withstand all the pressures ignited by American demand. We Americans have a far superior law enforcement framework, but it cannot fully withstand those pressures either. Senators say it is "not at all clear" that Mexico has earned certification. But it is not at all clear either that the United States, were it to be judged by others, could earn the prize.

On each side there is an evident disposition to blame the other for what are mutual frustrations. This needs to stop. Intensified enforcement without distracting recrimination needs to become the common theme.

—THE WASHINGTON POST.

Other Comment

A Crisis of Overcapacity

Economic high times in East Asia were based on 20 percent export growth, which meant 7 to 8 percent overall growth for individual economies. That would have been sustainable if only a handful of small countries such as Thailand, Taiwan or Malaysia were involved. But when big countries like China and Indonesia are also basing their "miracle economies" on 20 percent export growth, sooner or later the system has to end.

This is the classic crisis of overcapacity — too many factories producing too much for too few consumers. The lasting effect of the Asian crash will be much like the effect on Mexico after its crash three years ago — macro-stability will be restored within several years, but growth will slow significantly.

But the likely outcome of this current episode for the United States will be as in 1987: Six months later we won't even remember it happened.

— Lester Thurow, commenting for Global Viewpoint (Los Angeles Times Syndicate).

Good Riddance to the One-Eyed Vision of the Bull Markets

By James Grant

NEW YORK — Now that the post-1991 bull stock market has suffered its first major setback, the time has come to ask: What does a Wall Street "correction" correct?

It corrects Wall Street, for one thing — and the structure of the economy that Wall Street is in business to finance, for another.

One-way markets are just as subversive to sound finance as one-party politics are to good government. Over time, the faction in power begins to believe its own press. Heads swell and feet find their way to the tops of the factional desks.

On Wall Street, the bull party has held undisputed control for 15 years. Because stock prices have relentlessly risen, people have come to expect them to continue to rise, and the public has recalibrated its tolerance for risk accordingly.

Inasmuch as stock prices always rise, the thinking goes, there is really no risk. But there is always risk. An uncorrected bull market creates its own.

Monday's collapse in the value of the shares of Oxford Health Plans Inc. points up the perils of speculative traffic that flows at high speeds in a single direction.

Oxford is a managed-care company that could do no wrong. It reported quarter after quarter of stupendous growth. Brokerage house analysts called it a profit machine, and they outdid one another to recommend its shares. To the bears' contentions that Oxford's accounting was questionable or that the doctors in some of the Oxford plans were going unpaid, the bulls could simply point to the rising track of the company's stock price.

Then all of a sudden the market took the bears' side. In a matter of hours on Monday, the stock, so long caressed by the supposed financial professionals, lost 62 percent of its value.

Such a delusion could last for as long as it did only in a market like this one.

William M. McGarr, a short-seller who has lost money just as steadily as the public has made it in recent years, says Wall Street analysts have come to enjoy a kind of diplomatic immunity. Because the analysts are congenitally bullish, and because the market these last seven years has always risen, sloth has paid almost as well as hard work. To the bear party, so long out of power, it has been a vale of tears.

Of course, there is more at stake than the bank balances of the people (myself not least) who seem never to get the hang of the levitating 1990s. Sky-high stock prices and superabundant credit have incited capital investment in the United States and Asia alike.

A huge expansion of manufacturing capacity is under way — in chemicals, paper, aircraft and autos, among other things, The Wall Street Journal reported on Aug. 7. To that list I would add commercial banking and high technology.

Presented with the financial means to build the extra semiconductor fabricating plant or the marginal personal computer manufacturing plant, the world's high-tech manufacturers have not hesitated. The result is a boom in productive capacity — and a collapse in the prices of memory chips and personal computers, the most basic commodities of the information age.

Even Intel has lately been forced to cut the prices of its microprocessors. And the hottest new computers are the ones that sell for less than $1,000.

Consumers will cheer this fire sale, but the wise consumer-investor will spare a moment to reflect on it. Bull markets have helped to elicit this cornucopia of new productive capacity. But the same bull markets have drawn their strength from the profitability (actual or imagined) of the companies whose stocks only seem to go up.

In the sense that too high prices create the itch to overinvest, and in the sense that overinvestment leads to falling profits, all bull markets are eventually self-limiting, no matter what the Federal Reserve might do.

The foundation of any investment market is value. The more that stock prices outrun the earning power of the businesses that print their stock certificates, the less value there is. Conversely, the more that stock prices fall in relation to the earning power of the businesses that print their stock certificates, the more value there is.

The best news for investors these scary days and nights is that value is fast being restored to Asia. In South Korea, the Philippines and Japan, to name only three storm-damaged countries, more and more solvent operating businesses are being priced as if they were going out of business.

Sooner or later, however, the Asian correction will run its course. Only then will the bears be sent packing and the bulls restored to power. Then will be the time for investors to remember that, East and West alike, investment is a two-way street.

The writer is editor of Grant's Interest Rate Observer. He contributed this comment to The New York Times.

Expect the Emerging Asian Economies to Bounce Back

By Gregory Clark

TOKYO — Hong Kong's stock market blues will no doubt give further impetus to those who want to write off the emerging Asian economies that are now being hit by capital flight and devaluation. But those write-offs could be very premature.

In many ways the Asian economies are simply victims of their own success. Their chances of comeback are strong.

Current Western wisdom says they succeeded simply by luring in vast amounts of largely speculative capital. One theory given much publicity by the quarterly Foreign Affairs goes further and says they were Soviet-style economies — that their progress came simply from combining capital with surplus labor to produce output, without any significant improvement in technology.

No technological improvement? In that case, how come much maligned Malaysia now produces 10 percent of the world's television sets? How come it has created from scratch a viable car industry able to export to Western markets?

South Korea now has car, steel and heavy equipment industries able to compete with Japan. Its shipbuilding industry dominates world markets.

Taiwan is ahead of Japan, and the West, in a range of computer parts industries; in some areas it can claim more than 50 percent of world output. Singapore leads in some computer niche areas.

Thailand now has almost the full range of mid-tech industries, and is world competitive in some petrochemical goods. Even Indonesia has managed to create reasonably efficient car and other assembly industries.

As for China, that $50 billion annual trade surplus with the United States hardly qualifies it as an economic basket case.

True, much of the technology for making these goods came from Japan and the West. But the people in the factories making these goods, and many of their managers, are not Japanese or Western. They are Malaysian, Thai, Indonesian, Chinese. Are they automatons unable to understand and improve on their machines?

For too long we in the West have seen economic progress as the magical product of something called technology, over which we were supposed to have some intellectual or God-given monopoly.

In fact, most progress is due to the social and physical infrastructure — the roads and railways, telephones that work, experienced bureaucrats, available markets, experienced workers, sensible government policies etc. — crucial to the proper working of the economy.

Infrastructure is not something you get overnight or from a textbook. It comes only through the experience of making and selling things. And it is here that we in the West with our centuries of industrial experience have had an advantage, even if it is now being frittered away by policies that tolerate unemployment and deindustrialization.

A backward nation remains backward not because it lacks technology (which can be bought or borrowed from foreign investors anyway) but because it lacks infrastructure. Or to put it another way, its high infrastructure costs cancel out its cheap labor advantage.

But if someone can be persuaded by smart investment incentives to put money into a single factory, mine or plantation, infrastructure improves somewhat. Others then find it that much easier to invest. Soon there is a whirlwind of investment, choked off only when labor costs begin to rise.

That is what we have seen in much of Asia to date, Thailand and Malaysia in particular.

True, with the whirlwind came a flood of undesirable speculative investment which, as in Mexico, put strains not just on labor costs but also on immature banking systems. But Western economic history is a constant cycle of boom and bust, too.

As for the claim that these economies follow a Soviet model, was the Soviet Union ever able competitively to export cars, television sets, steel, ships, computer parts?

The current round of Asian devaluations is part of a much needed adjustment process that will improve rather than harm competitiveness.

Much of Japan's progress through to the early 1980s was the result of policies that deliberately kept the yen undervalued, promoting exports at the expense of imports and the Japanese consumer. If other Asian economies move to that Japanese model, the Western economies will be in trouble.

The writer, a former Australian diplomat, contributed this comment to the International Herald Tribune.

This Shakeout Wasn't the Big One

By William Safire

WASHINGTON — This was not It.

In July, just as the stock market was reaching its peak, I donned my sandwich boards and wrote: "You're going to see a correction one of these days that will curl your hair, followed by a year in the doldrums before the next recovery. ... Repent! The end is near."

Greed being what it is, I did not dump much after my own jeremiad, which is why nobody can hate me.

But this was not a hair-curler. Instead it was the shakeout of nervous professionals who were looking for some outside event to justify a rush to lock in the year's profits.

Turmoil in the Asian markets, reflecting incipient deflation there, was the cathartic that our traders were waiting for. America's small investor, however, was not suckered by all the globalony. When market averages backed 10 to 15 percent off their highs, the little guy resisted all chicken-littling. Only the market, not the sky, was falling.

What explains the Non-Panic of '97? It was not Robert Rubin standing on the steps of the Treasury saying "the fundamental economy is strong." Such pronouncements by government officials smack of "prosperity is just around the corner." They reassure nobody.

One reason for the non-panic was that the media, which love anniversaries, have been reminding us of the 22 percent market break of '87, compared with which Gray Monday's drop of 7 percent was not so terrible. "Sell-off" was the preferred term of commentators; few used the scarier term "crash."

A better reason is that the fundament is strong. Inflation and unemployment are down, and growth and profits are up.

Global domino effect? A worry but not a panicker; any drop in demand for American exports to Asia is not going to put much of a crimp in America's huge national product. And Asian investors are not crazy; they will look for safe havens, of which there are no safer than U.S. stocks and bonds.

That is why this week's market turmoil is not It. Like Californians after a mild quake, we can say, "But this wasn't the Big One."

There is a good message in all the bouncing down and up, to be directed to the new-age, new-paradigm new-economists who waltz hand in hand with Goldilocks and Rosie Scenario: There are other ways to go besides up.

Just as the fluctuating nature of the stock market has not been fundamentally altered by the end of the Cold War or the beginning of the globalized computer age, economies will stumble and recover as they have in the past.

Just as markets breathe, economies breathe. That natural inhaling and exhaling, contraction and expansion, means that the business cycle has not been steamrollered into permanent flatness. Someday we will have a recession.

A market drop may not trigger a recession, but a recession always harms the stock market.

Now to the big lesson Americans can draw from the market's wake-up call.

Bill Clinton proudly pointed to the shrinking of the budget deficit to the lowest in decades. His economists see the deficit in the fiscal year that ended last month to be $22 billion.

But last February the Office of Management and Budget was predicting a deficit of $125 billion. It was off by $100 billion, plus change, not because of any spending restraint but because an economic boom produced greater revenues.

If we can be that wrong on the downside, we can be that wrong on the upside. As recession follows prosperity (as night follows day, and as market shakeouts follow run-ups), then all the optimistic budget agreements on which we base our spending and taxing will be knocked into a cocked hat.

The message this week is that markets have a downside, and that it is wise to keep a little cash on the side. Economies also have a downside, and it would be wise for political leaders to treat as hogwash the predictions of the new-era economists that the only way is up.

The New York Times.

Herald INTERNATIONAL Tribune

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Fatal Campaign

NEW YORK — Henry George, the Jeffersonian Democracy candidate for Mayor of Greater New York, died of apoplexy at 4.45 o'clock this morning [Oct. 29] at the Union Square Hotel. The news spread over the city like wildfire, causing the greatest excitement. All the afternoon papers had early morning editions on the streets, and the flags on all the public buildings were half-mast. The physicians announce that his death was directly due to the great strain of the campaign.

1922: Fascist Masters

PARIS — Signor Mussolini and his "Black Shirts" are now masters of Rome and most of Italy. The King, acknowledging Mussolini's mastery of the situation, asked Mussolini to form a cabinet. It is expected that his cabinet will be composed chiefly of Fascisti, although there are only forty Fascist deputies in the Italian chamber. Italy will thus have an unrepresentative Government, at least until the new elections are held and the people express their verdict on this remarkable movement, which has seized the reins of Government in less than three days and for the moment given its chief the power of a Garibaldi.

1947: Civil Rights Call

WASHINGTON — President Truman's Committee on Civil Rights recommended that Congress and state legislatures immediately outlaw segregation and discrimination based on race, color, creed or national origin. The report, made public by the White House, declared: "The United States is not so strong, the final triumph of the democratic ideal is not so inevitable, that we can ignore what the world thinks of us or our record."

مكتبة من الأصل

OPINION/LETTERS

How the Old Commonwealth Has Changed — and Hasn't

By Denis Judd

LONDON — The largest and most eagerly awaited Commonwealth summit conference in recent years has just ended in Edinburgh. It took place 100 years after the imperial conference that was part of the extravagant empire-wide celebrations that marked Queen Victoria's Diamond Jubilee in the summer of 1897.

At first sight, the gatherings of 1897 and 1997 could not provide a greater contrast. The late-Victorians were imperial expansionists and consolidators on a heroic scale. As the Daily Mail rapturously commented after the magnificent Jubilee procession through London: "Each one of us — you and I, and that man in his shirt-sleeves at the corner — is a working part of this world-shaping force. How small you must feel in the face of this stupendous whole and yet how great to be a unit in it."

The events in Edinburgh unfolded against an apparently very different background. In 1897 only the premiers of the white-dominated self-governing colonies attended the conference; at the huge Edinburgh gathering, the Commonwealth leaders were drawn from every quarter of the globe.

> *As is the case today, imperial conferences depended on goodwill to function at all.*

In 1897 the British prime minister barely deigned to attend the proceedings; in 1997 Tony Blair was a key player. A century ago every colonial premier was committed to the Westminster model of democracy; today the ways in which many Commonwealth countries are governed are strikingly varied and the prevailing political practice in some of them is crude enough to shock world opinion.

Then there is the role of the British monarch. In the year of her Diamond Jubilee, Queen Victoria, a totem of enormous potency, could scarcely be persuaded to ride in her carriage through the thronged streets of London. At Edinburgh, Queen Elizabeth II made the conference's opening speech and remained engaged throughout.

More remarkable still was the controversy that centered on her position as head of the Commonwealth, a doubt that arose as a result of the organization's secretary-general, Chief Emeka Anyaoku of Nigeria, referring to her as the head "for the moment." Coming only a few days after the end of the gaffe-strewn and frankly bungled royal visit to India and Pakistan, this was a further blow to Commonwealth tradition and to the rocky post-Diana standing of the House of Windsor.

In light of all of this, one is tempted to remark, "Oh, what a fall was there, my countrymen!" Reassuringly perhaps, a more searching scrutiny of the Commonwealth meeting shows how little of the substance has changed.

Although in 1897 the "free," self-governing colonies were the only equivalents to today's independent states, they were notoriously difficult for Britain to browbeat and control, as late-Victorian governments painfully discovered. Only when colonial self-interest and British policy coincided was it possible to reach binding agreements, and even these were extremely limited, confined to modest imperial defense arrangements. As is the case today, imperial conferences had no executive power and depended on cooperation and goodwill to function at all.

Nor a century ago was it easy to exert any real discipline among self-governing empire countries; it was possible to express disapproval — as the Edinburgh meeting did in the case of Nigeria's civil rights record — but to rebuke a member to the point of expulsion was not attempted, then as now, at least partly because states were anxious to preserve internal autonomy in the face of British demands.

The further point is that no mechanism exists effectively to discipline the independent states of the Commonwealth. The whole organization exists merely as an accident of history, and can only survive as the rather easygoing club it has become if members wish to remain within it.

Understandably, Tony Blair has tried to inject some new life into the faded Commonwealth ideal. After the sweeping successes of New Labour, there has been an attempt to launch a New Commonwealth. There has been much talk of promoting inter-Commonwealth trade, of refocusing on economic issues.

But as the late-Victorians discovered, even in this manifestly bread-and-butter area of policy, goodwill is not enough. There has to be a plain clutch of economic advantages, or at least enough tasty bait. But will the richer members of the club be willing to dismantle their trade barriers?

In any event, how can Britain's now-mainstream membership in the European Union be reconciled with any truly meaningful resuscitation of Commonwealth trade? It was, after all, Britain's accession to the EEC that effectively wrecked the old system of Commonwealth preferential trading agreements 20 years ago.

So what are we left with? A minimalist position might be that any international organization that meets regularly and in a voluntary and cooperative fashion is better than nothing. It is preferable to have a forum that is able to raise issues of civil rights, even if there is no effective remedy for the perceived abuses. Also, the very fact that it enshrines both so much tradition and so much variety ought to make the Commonwealth, and its biennial conferences, something to cherish and to learn from.

Nor, thankfully, are the summit meetings all that we have. There are the Commonwealth Games, there are a host of organizations and agencies that are in principle and practice dedicated to enhancing inter-Commonwealth relationships and the development of the potential of Commonwealth citizens.

Finally, it is no longer the British Commonwealth. Indeed, in extreme circumstances, Britain could even be denied membership in the organization, as South Africa effectively was in 1961. Perhaps we should settle for that.

The writer is a historian whose most recent book is "Empire: The British Imperial Experience From 1765 to the Present." He contributed this comment to the International Herald Tribune.

Buckle Up, There's a Jet Car in Your Future

By Stephen Colbert and Paul Dinello

NEW YORK — Just a few months ago, if you were trying to get from, say, Gerlach, Nevada, to Jungo, Nevada, you would have had to endure an arduous crossing of the 50 miles of scorching desert in between.

By conventional car, that would have taken nearly an hour.

Bring your canteen!

But now, thanks to the new supersonic jet-powered car, which on Oct. 15 set a land speed record of 763.035 miles (1,227.723 kilometers) an hour, that trip will take a scant 3 minutes and 56 seconds. Go ahead, check the math.

MEANWHILE

You'd be a fool to waste time crossing ancient dry lake beds by any other means.

The practical applications are endless.

For example: A man who had been mauled by a bear in the backwoods of Idaho wouldn't have to settle for some sawbones at the county hospital when a specialist in Baton Rouge is a scant 1.5 hours away by hypersonic ambulance.

A pipe dream, you say? Well, when the day comes that you're ravaged by an enraged grizzly, chances are you'll look down at your mangled arm and say: "Rocket car. I wish I had a rocker car."

And let's talk about safety. The new Mach-plus roadster would allow all the convenience of airplane speed with none of the perilous height. Remember the words "plunge" and "plummet" are rarely associated with automobiles.

Your paperboy could bring you fast-breaking news, and the milkman would deliver the freshest dairy products imaginable.

Unfortunately, right now deserts are the best (nay, only) places to operate these long-awaited transonic vehicles. Due to shortsightedness at the Department of Transportation, our present U.S. highway system still includes turns. The Mach 1 car is upon us, and we aren't ready.

Clearly, the future belongs to the long, flat, sandy straightaway.

Progress demands that perfectly straight roads of hard-packed, sun-baked sand be built between all the major cities in the United States. While the expense of this may seem prohibitive, this could be offset somewhat by making them toll roads.

However, to avoid unnecessary deployment of the braking parachute, the cars would simply roar through the toll plazas and coins would be tossed out the window into enlarged change baskets the size of, say, football fields. Or, if the larger basket isn't practical, the driver could simply lead his throw. Approaching the George Washington Bridge from New Jersey, the driver would lob his $1.75 out around Paramus.

> *You'd be a fool to waste time crossing ancient dry lake beds by any other means.*

Why should we take the time to retool our entire interstate transportation system, level mountains and fill in wetlands to build these massive Machways? Well, imagine for a moment how history would have been altered if, after the steam train was invented, we had refused to lay railroad tracks, or after Eli Whitney invented the gin we had refused to grow cotton.

While there are those who will say that any sufficiently good idea will survive no matter what the obstacles, that is not always the case. Remember, it was the Taft administration's refusal to subsidize an elaborate system of giant nets that killed the fledgling human cannonball industry.

The time to act is now, before all the jobs start to go to the desert communities of the Southwest, to the boomtowns of tomorrow like Dugway and Stovepipe Wells, while the decay of our urban centers is hastened by needless curves and stop signs.

What will tomorrow bring? A rocket car in every driveway! Soon we'll be enjoying shorter commutes. We'll be getting home earlier and sleeping later, after we get used to the sonic boom as the milk truck goes by.

And once we pave the oceans, there'll be no stopping us.

The authors, who have written for various television comedy shows, contributed this comment to The New York Times.

LETTERS TO THE EDITOR

Rights Commissioner

Regarding "A Voice for Rights" (Editorial, Oct. 21):

While the editorial is correct that the first United Nations high commissioner for human rights, José Ayala-Lasso, was "too much the diplomat," it overlooks his true legacy. Ultimately, Mr. Ayala-Lasso will be remembered for his pivotal role in establishing both the high commissioner post (he was the chair of the General Assembly working group charged with creating the office) and some dozen human rights field operations.

The new high commissioner, Mary Robinson, must build upon this legacy. Her proven leadership skills and outspokenness in promoting human rights are reasons for optimism. She will also benefit from working under Secretary-General Kofi Annan, who has repeatedly demonstrated his commitment to strengthening the high commissioner's role. (His predecessor, Boutros Boutros Ghali, did not support the post's creation and, subsequently, undermined Mr. Ayala-Lasso.)

Yet Mrs. Robinson must show that her office has learned from the mistakes it made during its first field operation in Rwanda in 1994, where the mission took too long to become operational and many of the staff deployed in the field were unqualified.

Finally, the editorial fails to grasp the fundamental significance of the field operation in Cambodia: It is the only human rights field office funded from the regular budget. Thus, it has a relatively solid financial base on which to conduct its work. Other field operations, which are financed primarily from ad hoc voluntary funds, are subject to the whims of member states.

Because of the limited funds available to the field office in Burundi, for example, the United Nations has been able to recruit only half the mission's authorized 35 international staff members. The Cambodian field office therefore cannot serve as a model for other offices until they receive adequate funding.

ERIC BERMAN and
KATIE SAMS.
Geneva.

Mr. Berman is executive director and Ms. Sams is a fellow at UN Watch.

Life in Greece

Regarding "New Virtues for Greece About to Be Put to Test" (Sept. 24):

Bravo for the excellent article on Greece. Certainly, a great deal of change is occurring here and life will become more bearable with the new infrastructure projects.

But improvements in infrastructure and governmental operations should not make Greece into another Schleswig-Holstein. Equally important is the way we lead our lives outside of offices and taxis. The Greeks know how to lead that life better than any other people.

W. R. AMMERMAN.
Athens.

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WHERE THE STARS COME OUT AT NIGHT

HEALTH/SCIENCE

TOMORROW LEISURE

'Vitamania': Is It a Health Kick or a Risky Experiment?

By Jane E. Brody
New York Times Service

NEW YORK — Whatever health-conscious consumers might be looking for, there is a vitamin or mineral pill that promises it. Products for sale purport to offer cancer protection, a hardier heart, extra energy, enhanced immunity, less stress, a longer life, an antidote to pollution, stronger bones, less body fat, relief from premenstrual syndrome, athletic prowess and heightened sexual powers.

"Vitamania," as some critics call it, is sweeping the United States, with sales of vitamins and minerals soaring to records.

An estimated 100 million Americans are spending $6.5 billion a year on vitamin and mineral pills and potions, up from $3 billion in 1990, according to the Council for Responsible Nutrition in Washington, a trade group for the vitamin supplement industry.

Consumers are, in effect, volunteering for a vast, largely unregulated experiment with substances that may be helpful, harmful or simply ineffective.

The labels on the bewildering array of vitamin bottles in a drugstore or health-food store give few clues that the products can be harmful as well as helpful. They do not mention that because the Food and Drug Administration considers vitamins and minerals "dietary supplements," no testing for safety or usefulness — or even for whether the supplements contain what they say they do — is required before they are marketed.

Clear and consistent information about vitamins and minerals is hard to get, even from experts in nutrition, because of a lack of good long-term studies, or from the government, which has a bewildering array of standards and is in the process of revising them.

"No rational person can understand this stuff," said Marion Nestle, chairman of the department of nutrition and food studies at New York University. "All the different numbers are almost guaranteed to make the situation more confusing rather than less."

The answers about how much of any vitamin a person needs often depend on the person's age, sex and stage of life. Nor is there a consensus about whether taking vitamins and minerals in addition to food is valuable for a person who is eating a relatively healthy diet.

Some facts are not in dispute. Vitamin and mineral pills can reverse or prevent deficiencies that can result in diseases like scurvy and rickets. But the questions that most people want answered are whether vitamin and mineral pills will fend off cancer, heart disease and osteoporosis and lead to overall well-being and longer life.

There are no easy answers. Nutrition studies are filled with hints but few conclusions.

Current evidence indicates some serious shortfalls in the consumption of essential vitamins and minerals, especially by young women and the elderly.

Also, there are tantalizing indications that there could be significant health advantages from taking supplements of some vitamins and minerals in doses larger than those needed to prevent outright deficiencies.

At the same time, however, there are risks when nutrients are taken separately from the foods that contain them and in doses far larger than the body was designed to process.

For the average healthy person who consumes a variety of foods, there is scant evidence that vitamin and mineral supplements are beneficial. Even for segments of the population that may need more vitamins — smokers, people who are ill or poorly nourished, the elderly and pregnant women — the long-term benefits are unclear at best.

Surveys by government and university scientists have shown that most of the people who take vitamins are those who are least likely to need extra nutrients: nonsmokers who do not drink heavily. They also consume more nutrients from foods, eat more fruits and vegetables, are better educated and have higher incomes than people who do not take vitamin and mineral pills.

Despite all those advantages, vitamin takers do not live longer or suffer fewer cancer deaths than those who do not take vitamins, according to a 13-year study of 10,758 Americans.

A research team from the federal Centers for Disease Control and Prevention in Atlanta reported in 1993 that the study "found no evidence of increased longevity among vitamin and mineral supplement users in the United States."

Furthermore, there are known dangers of vitamin use. High doses of vitamin E can interfere with the action of vitamin K, which promotes blood clotting. Large amounts of calcium can limit the absorption of iron.

There is unfortunately only one simple path through the vitamin and mineral maze: Eat a balanced and varied diet that is low in fat and high in fruits and vegetables and complex carbohydrates.

Ulcer Remedy Makes Few Inroads

By Sally Squires
Washington Post Service

WASHINGTON — Millions of people with stomach ulcers go undiagnosed and untreated because neither they nor their physicians know that most ulcers are caused by a common and easily treated bacterial infection, according to a government survey.

The national survey, which was conducted by the Centers for Disease Control and Prevention, found that only about a quarter of Americans understand that a bacterial infection is responsible for stomach ulcers. The remainder erroneously believe that stomach ulcers are caused by a combination of stress and eating spicy foods.

"For years, we all thought ulcers were a chronic condition" that "had to be endured for the rest of our lives," said Mitchell Cohen, director of the CDC's Division of Bacterial and Mycotic Diseases. "That isn't true. Most ulcers are caused by a bacterial infection, and even if you've had an ulcer for years, you could still be cured."

Peptic ulcers strike an estimated 25 million Americans at some time in their lives, according to the Centers for Disease Control. The cost of ulcer complications is enormous, running an estimated $6 billion a year for medical bills and lost days from work, the agency said. Yet studies show that more than 90 percent of ulcers are caused by an infection with a spiral-shaped bacterium known as Helicobacter pylori, which is easily treated with a two-week course of antibiotics.

Ulcers are small holes or sores that form in the lining of the stomach or in the first section of the intestine known as the duodenum. Left untreated, they can cause serious gastrointestinal bleeding. About 40,000 people undergo emergency surgery and 6,000 people die annually in the United States from complications of peptic ulcers. There is also growing evidence that chronic, untreated ulcers may increase the risk of stomach cancer.

In 1995 the Centers for Disease Control found that only 5 percent of ulcer patients were being treated with antibiotics. These statistics prompted the CDC to team up last week with the National Institutes of Health and other government agencies and industry groups to launch a public awareness campaign about the link between H. pylori infection and stomach ulcers.

The campaign targets adults in their mid-30s who may not recognize the early symptoms of ulcer disease and adults aged 60 and older who are long-term ulcer patients and are suffering needlessly because they have not received the new antibiotic therapy. The goal is also to reduce health care costs associated with ulcers because treatment with antibiotics costs less than $1,000, compared with $11,000 per patient for a lifetime course of standard therapy with H-2 blockers, according to Amnon Sonnenberg at the Albuquerque Veterans Administration Medical Center in New Mexico.

One of the most common symptoms of stomach ulcer is a gnawing or burning pain in the upper abdomen between the breastbone and the navel. This pain may occur when the stomach is empty, especially between meals and before breakfast. It can last minutes or hours, and is relieved by eating or by taking antacids. Other symptoms of ulcers include nausea, vomiting, loss of appetite and bleeding, which may cause stools to appear dark red or black.

ULCERS are rare among children and teenagers, but the incidence of duodenal ulcers begins to rise significantly in people aged 30 to 50 years and stomach ulcers are most likely among people over 60.

New techniques make it possible to detect H. pylori infection by drawing a small amount of blood or by giving patients a simple breath test, said Benjamin Gold, a scientist in the Foodborne and Diarrheal Branch at the CDC and assistant professor of pediatrics at Emory University School of Medicine in Atlanta.

How people contract an infection with H. pylori is still not understood. The microbe burrows into the stomach lining, where it often remains undetected for years and even decades. Scientists believe that the infection may commonly occur in childhood, but how and why it happens is still not known. About two-thirds of the world's population is infected with H. pylori, which produces no ulcer symptoms in most people.

David Jennings for The New York Times

Dr. Lorraine Flaherty has found that neurotic mice may provide genetic clues to human anxiety.

The Anatomy of Fear in Mice

By Denise Grady
New York Times Service

NEW YORK — Neurotic mice may seem a far cry from anxious people, but two scientific papers provide intriguing clues about the genetic underpinnings of fear in rodents that researchers say may apply to humans as well.

Both papers appear in the journal Nature Genetics. The papers describe experiments in which researchers trained mice to fear certain lights, sounds and environments.

Explaining the relevance of the work to people, Dr. Flint compared the experimenters to human parents, writing that even the best parents sometimes resorted to the use of fear as an educational tool, telling a child, "Do that again and I'll smack you." But, he also observed, "Not all offspring respond the same way." Some fear the threat, and others could not care less.

"Why the difference?" Dr. Flint asked. The research in mice, he suggested, may uncover genes involved in anxiety that also exist in humans, and may help explain why some people face danger fearlessly, while others come undone at the slightest threat and most fall somewhere in between.

Identifying genes involved in anxiety in humans — and there are likely to be many, each with a small role — and finding out how they work may eventually point the way to new treatments for people with anxiety disorders. Such treatments might benefit patients with depression as well, because the illnesses are often intertwined, Dr. Flint said in a telephone interview.

The two studies are very similar to each other, except that they involved different strains of mice. One study was directed by Dr. Jeanne Wehner, a professor of genetics at the University of Colorado in Boulder, and the other by Dr. Lorraine Flaherty, director of the molecular genetics program at the Wadsworth Center, at the New York State Department of Health in Albany.

Both researchers specialize in learning and memory, and said that when they designed their experiments, they did not intend to study the genetics of fear or anxiety.

In both studies, which included a total of nearly 1,300 mice, animals were transferred from their home cages to a new setting, where a light would shine or a buzzer would sound, and the animal would then be given an electric shock to the feet. The procedure was repeated once, after a few minutes. A day later, the animals were again placed in the new setting, and exposed again to the buzzer or light, but not the shock.

WHEN mice are frightened, they freeze: They stand stock-still, not moving a muscle except for the ones they need to breathe. "It's a natural response because in a natural situation it would help them avoid a predator," Dr. Flaherty said.

To measure the so-called learned or conditioned fear that they had provoked in the animals, the researchers watched them for five minutes on their second day in the new setting, and counted the number of times they froze.

Responses varied across the populations, from just a few freezes to as many as 30, with most animals falling somewhere in between. That kind of pattern, as opposed to a trait simply being present or absent, means that many genes and environmental factors must be involved. To look for genetic regions that might have influenced the animals' behavior, the researchers compared DNA from animals that froze most and least often, looking for differences.

Working independently, the research teams found that the same two regions stood out in the animals that froze a lot: one on chromosome 1, and another on chromosome 3.

The chromosome 1 area had already been identified by two other research groups, including Dr. Flint's, as involved in a mouse trait called "emotionality," which means that they tend to be unusually fearful — in essence, neurotic.

Dr. Flint said he suspected that the finding meant that emotionality might predispose a mouse to conditioned fear. Dr. Wehner said her team and Dr. Flint's have already begun working together to pinpoint a gene or genes in the large region of chromosome 1 that their initial research identified. Even though she started out looking for a gene involved in learning and memory, Dr. Wehner said, "My bet is that it will be a gene for anxiety."

Dr. Flaherty said that this was possible, but added that it was also possible the gene would influence learning. The more fearful animals, she said, "could be learning faster, and the other ones may be dumb."

The scientists said they did not know how the genes they were hunting might work, but Dr. Wehner said they might influence nerve connections in the hippocampus and amygdala, brain regions that other studies in both animals and people have identified as essential in memory and conditioned fear.

BOOKS

A COUNTRY OF STRANGERS: Blacks and Whites in America

By David K. Shipler. 607 pages. $30. Knopf.

AMERICA IN BLACK AND WHITE: One Nation, Indivisible

By Stephan Thernstrom and Abigail Thernstrom. 704 pages. $32.50. Simon & Schuster.

LONG WAY TO GO: Black and White in America

By Jonathan Coleman. 451 pages. $26.50. Atlantic Monthly Press.

Reviewed by
Richard D. Kahlenberg

AS President Bill Clinton seeks his place in history through an initiative on race, a trio of important new books has been published with comparably high ambitions. Stephan and Abigail Thernstrom's "America in Black and White" seeks to update, 50 years later, Gunnar Myrdal's "An American Dilemma." The journalist Jonathan Coleman's "Long Way to Go" aspires to explore race relations in Milwaukee in the early 1990s in much the same way that J. Anthony Lukas's classic, "Common Ground," described the Boston busing crisis of the 1970s. And the journalist David K. Shipler's "A Country of Strangers" comes with the built-in expectations that follow his 1986 Pulitzer Prize-winning book, "Arab and Jew."

To my mind, Shipler's book, a moving and elegantly rendered portrait of contemporary black-white relations, is the strongest of the three. "A Country of Strangers" credibly explains, through a white writer's eyes, the pain and anguish of the daily black experience in America, particularly the burden of having to live with enduring stereotypes that peg black men as criminals and black women as welfare mothers.

Shipler, a former New York Times reporter, spent five years crisscrossing the country, and concludes that not a day passes when most blacks don't think about race. Toward the end, he describes a race-relations workshop in which minority participants were paired with whites. The leader asked individuals to stand if they felt they had to leave their culture at the door when they went to work. Many of the blacks stood, but none of the whites. Which of them had been stopped by the police because of their color? Again, the same result.

At times, though, Shipler appears so overwhelmed by the persistence of racism that his reporter's skepticism is impaired. At one point, he uncritically cites the sociologist Andrew Hacker's experiment in which Hacker asks his white students what they'd have to be paid to be black. A million dollars a year, the students reply. Obvious evidence of the price of racism, Hacker and Shipler conclude. But if Hacker's premise — that white skin has monetary value — is true, then presumably black students would pay to become white. But Hacker doesn't ask them, and if he did, one supposes that, taking appropriate pride in their history and culture, they would respond that they would need many millions of dollars to make the change.

But in most cases, Shipler sees the complexity of the issues, moving beyond the liberal morality play of white racists and the conservative morality play of undeserving blacks. He's for opening up the traditional Eurocentric curriculum but refuses to embrace the more fantastical notions of Afrocentrism. He acknowledges that blacks, who make up 13 percent of the U.S. population, commit 51 percent of the country's robberies and 54 percent of its murders. But he also notes that because crime is segregated, a white person is 5.6 times as likely to be murdered by another white as by someone black: "If fear were logical, whites would be more afraid of other whites than of blacks," he writes.

Jonathan Coleman, formerly of CBS News, is less successful in capturing the essence of American race relations in "Long Way to Go." He starts with a promising approach — using the city of Milwaukee as a prism through which to view race — but unlike Lukas's "Common Ground," the book has no coherent story to tell.

Still, Coleman's larger subject is important. Whereas much of what passes for racial discussion today focuses on whether upper-middle-class blacks should receive admissions preferences at Princeton, Coleman takes on America's greatest remaining failure in race relations: the perpetuation of the urban underclass.

Stephan and Abigail Thernstrom's "America in Black and White" is more scholarly than the other two — he teaches history at Harvard, she is a senior fellow at the Manhattan Institute. In the book's core section, on public policy, the Thernstroms do much to expose the sloppy thinking of affirmative-action proponents. While rejecting absurd genetic explanations for group inequality, they also demolish the myth that all such inequality can be attributed to discrimination.

Their major policy recommendation is to abolish racial preferences, but they lay out no agenda for replacing racial affirmative action. They criticize fellow conservatives for being unwilling to admit that "there was a terrible history of racism," but offer no solutions.

Richard D. Kahlenberg, a fellow at the Center for National Policy and author of "The Remedy: Class, Race, and Affirmative Action," wrote this for The Washington Post.

BRIDGE

By Alan Truscott

HAMMAMET, Tunisia – With two rounds of qualifying play remaining in the world team championships here, all four United States teams are sure to qualify for playoffs. But two battles are in progress for the lesser placings that will determine the other qualifiers.

In the Bermuda Bowl the squads led by Seymon Deutsch and Nick Nickell are in the top spots. Finishing first is an advantage, because it carries the right to select a quarterfinal opponent.

The standings were: Deutsch, 284 victory points; Nickell, 274.4; Norway, 268; France, 257; Poland, 255; China, 251; Italy, 249.1; Taiwan, 239; Australia, 233; Denmark, 232, and Brazil, 230.

In the Venice Trophy contest for Women's Teams, the two American teams are led by Mildred Breed and Kathie Wei-Sender. The standings are: France, 262; Wei-Sender, 262; Breed, 259.5; China, 259; Netherlands, 249; Canada, 245; Britain, 242; Italy, 236, and Germany, 232.

In both events, the battle to finish no worse than eighth, and qualify, rather than ninth, and fail, is likely to be close. In the eighth round, Poland and Denmark, clashed in the Bermuda Bowl. The first deal, shown in the diagram, was a portent.

The Danish North-South reached four spades as shown after using an artificial response to the opening bid. Three no-trump showed the values for four spades and a short suit. South could have located the shortage, but was not so inclined.

Jacek Romanski, the Polish West, led the diamond jack, and his partner, Apolinary Kowalski, won with the queen when dummy played low. The diamond ace was cashed, and Romanski played the ten rather than the four. This was a suit-preference signal for the higher-ranking side suit, and Kowalski interpreted it correctly. He returned a heart and scored a diamond ruff to defeat the game.

In the replay, the Polish North responded two diamonds en route to four spades. This discouraged West from leading a diamond, and the game was made with an overtrick. Poland gained 11 imps and eventually won the match 24-6, a blow to the hopes of the strong Danish team.

NORTH
♠ K J 9 2
♡ K 7 6
◇ K 6 5 3 2
♣ 3

WEST
♠ 5
♡ A 10 8 5 2
◇ J 10 4
♣ K 9 6 4

EAST
♠ 8 6
♡ Q J 4 3
◇ A Q
♣ Q 10 7 3 2

SOUTH (D)
♠ A Q 10 7 4 3
♡ 9
◇ 9 8 7
♣ A J 5

Neither side was vulnerable. The bidding:

South	West	North	East
1 ♠	Pass	3 N.T.	Pass
4 ♠	Pass	Pass	Pass

West led the diamond jack.

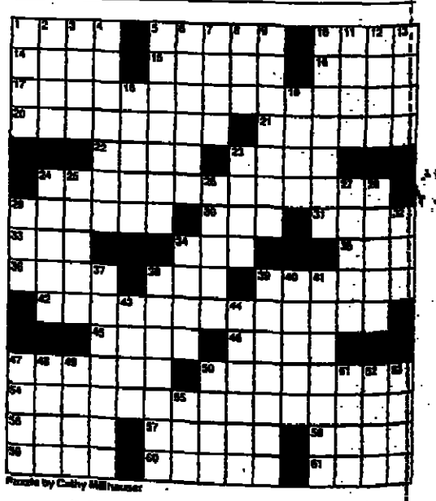
CROSSWORD

ACROSS
1 Literary ollos
5 Some nerve
10 They go over your part
14 Sweater ester
15 "—— Knows" (Dion & the Belmonts hit)
16 Chase in the movies
17 Group endured chickenhouse disaster?
20 Enduring
21 Mistreat
22 Relatives of Rafael
23 Oversupply
24 Spirit of an evil evil spirit?
28 Overturn
30 Billy goat's bleat
31 Sch. liaisons
33 Fury
34 Texas's Houston
35 Prefix with system
36 Rudely terse
38 Bristle on barley
39 Inviolate
42 Less specified madras?
45 With 49-Down, "The Firm" actor
46 Smelter's stuff
47 —— rasa (clean slate)
50 Periodic payments
54 Significant danger to beef?
56 Noted actress-model
57 Creepy
58 Lug
59 F.D.R.'s Scottie
60 Towels
61 Over

DOWN
1 Prefix with polar
2 Group standard
3 Bit
4 Grow rapidly
5 Treading the boards
6 K compound
7 Die, e.g.
8 Daughter of Cadmus, in myth
9 Every garçon has one
10 Sledder's starting point
11 Big surname in baseball
12 W.B.A. stats
13 "Smooth Operator" singer
18 Kind of press
19 Nasty bugs
22 Island discovered by Magellan
24 Discussion opportunity
25 Field of buffos
26 Yemeni's neighbor
27 Starter homes?
28 Spiked
29 Quirk
32 Turf
34 Pen that swims
37 Baja California city
38 Chagrined
39 Pixies
40 Beth's preceder
41 City NNE of Naples
43 Airhead
44 Country singer West
47 Weekly "Whew!"
48 First word of the "Aeneid"
49 See 45-Across
50 Indira's dress
51 Gas in Vegas
52 Number in a letter
53 Worry
55 Aye

Solution to Puzzle of Oct. 29

S	H	A	D		O	W	A	R		A	S	I	A	N
P	A	L	E		P	I	C	A		L	A	N	C	E
A	N	O	N		I	N	R	I		E	M	C	E	E
D	O	N	T	S	E	G	I	N		C	O	O		
E	I	E	I	O		I	D	Y	L		A	M	E	N
		N	E	A	T		D	U	H		P	L	O	
C	O	W	E	R	S		S	A	G	A		L	E	T
A	R	I		W	H	A	T	Y	O	U		E	V	E
P	I	T		A	R	T	Y		S	L	A	T	E	D
O	O	H		R	A	N		L	I	O	N			
S	N	O	W		M	O	T	O		F	O	S	S	E
		U	A	R		C	A	N	T	F	I	N	L	S
D	I	T	S	Y		O	R	G	Y		N	O	E	S
T	R	E	N	E		S	T	E	P		T	U	N	A
G	E	N	T	S		T	Y	R	O		S	T	A	Y



Puzzle by Cathy Millhauser

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October 29, 1997

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a - adjust ● - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; n- New; S - suspended; SS - stock Split; * - Ex-Dividend; ** - Ex-Rts; - ● Offer Price incl. 3% prelim. charge; ' - Paris exchange; ∞ -Amsterdam exchange; ◊ - relaquoted earlier; x-not registered with regulatory authority. P; Middle of bid and offered price. E; estimated price; y; price calculated 2 days prior to publication; z: bid price.

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NYSE

Wednesday's 4 P.M. Close

The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

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Continued on Page 16

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Daimler Moves Fast To Save 'Baby Benz'

By John Schmid
International Herald Tribune

FRANKFURT — Daimler Benz AG, facing a potential risk to its image, moved Wednesday to reassure customers over the safety of its new A-class subcompact model with the offer to upgrade the "Baby Benz" to make it more stable.

The safety of the stubby A-class, which went on sale this month after a heavy marketing campaign, was called into question after a Swedish motoring magazine flipped one of the cars during tests, injuring the driver.

The Stuttgart-based company's traditional image of engineering perfectionism and passenger safety could be at risk if confidence in the futuristic egg-shaped little car deteriorates, analysts said.

"This could become a major image problem," said Michael Klein, industry analyst in Frankfurt for the bank Delbrueck & Co.

"We believe the car is absolutely safe," a Daimler spokesman said.

Juergen Hubbert, the chief of the Daimler car division, said the company would equip each of the 1,500 A-class cars already delivered to customers with new tires and a sophisticated onboard computer system intended to balance the car on tight turns. The modifications will cost Daimler about 50 million Deutsche marks ($28.7 million), the company said.

Even more costly, Daimler will make the previously optional electronic balancing equipment standard on all future A-Class cars. Daimler will absorb the cost of the new safety steps and will not raise the sticker price from about 30,000 DM. The package had been priced at 1,700 DM as an option.

The cost of outfitting the A-class with the balancing system, which is also sold as an option on larger Mercedes sedans, will cost the company 100 million DM a year, Daimler said. The system stabilizes the car by gently controlling the braking of each wheel.

The accident in Sweden raised fears that the car's center of gravity is too high. Aiming to shorten the 3.57-meter-long (11-foot, 8-inch) car and optimize its lure for city dwellers, Daimler built the car with a "sandwich chassis," placing many of its parts under the floor rather than out front. As a result, the A-class is a bit shorter than Ford Motor Co.'s tiny Ka model, but is about 23 centimeters (nine inches) higher.

The A-class has won excellent ratings in simulated front and side crash tests.

Agence France-Presse
The new Mercedes A-Class having some trouble with the "elk test."

But the Swedish accident stemmed from an unusual test maneuver called the "elk test," used in Scandinavian countries to avoid wandering animals or other sudden obstacles. To simulate a dodge, the car veers abruptly without braking. In Sweden, the A-class rolled over at 60 kilometers (37 miles) an hour.

Other car magazines have subsequently put the A-Class through the same test, where a quick evasive turn is conducted, and found it to be unstable.

Regional States Back IMF in Jakarta Aid

By Michael Richardson
International Herald Tribune

SINGAPORE — Japan and Australia, in a move that will strengthen the hand of the International Monetary Fund in key negotiations with Indonesia, said Wednesday they would only provide financial assistance urgently needed by Jakarta if it were part of an IMF-backed economic reform package.

Japan's forthright endorsement of the IMF's role in Indonesia was especially important because Japan is Indonesia's largest source of aid and trade, analysts said.

Prime Minister Ryutaro Hashimoto of Japan said he telephoned President Suharto of Indonesia to offer financial assistance "on condition that Indonesia accepts the IMF-supported program," news services reported from Tokyo on Wednesday.

Singapore, meanwhile, said it, too, intended to provide loans to Indonesia within the framework of IMF-approved reforms to restore confidence in the Indonesian economy, which has been battered in recent weeks by turmoil in its currency and stock markets.

On a visit to Denmark on Wednesday, Prime Minister Goh Chok Tong of Singapore indicated his government had offered Indonesia up to $10 billion in assistance, including "a line of credit amounting to $5 billion, subject to certain terms." He said the assistance would be conditional on the program being negotiated with the IMF, Reuters reported.

Investors were alarmed Tuesday when Mr. Suharto said Singapore had offered his government $10 billion in loans, and indicated that the money was not subject to IMF conditions.

Analysts said that Mr. Suharto's comments — his first on Indonesia's economic crisis since Oct. 8, when Jakarta asked the IMF and other international financial institutions for assistance — caused concern because they implied that the government was trying to resist reforms that were essential to restoring economic stability and bringing private investment back to Indonesia.

The $10 billion reportedly offered by Singapore, which has reserves of about $74 billion according to official figures, compares with a total support package of no more than $15 billion which Jakarta was thought to be seeking as part of a deal with the IMF.

Malaysia on Monday said it was offering Indonesia $1 billion "to fight speculation and manipulation."

Indonesia's state secretary, Murdiono, who often acts as Mr. Suharto's spokesman, said that the Malaysian assistance was "outside the IMF assistance that currently is in the final stage of negotiations."

Separately in Washington, the chairman of the U.S. Federal Reserve, Alan Greenspan, said Wednesday that the United States and other nations should provide temporary financial assistance "where required" to the Asian countries experiencing financial disturbances. At the same time, Mr. Greenspan warned that international authorities should avoid signaling they are ready to bail out failed domestic companies in Asia.

The New York Times reported Wednesday from Washington that the United States was considering taking a more public role in the IMF's loans-for-reform package for Indonesia. It was the clearest evidence yet that the Clinton administration is worried that its influence in Asia could be harmed if Washington fails to take a more activist role.

Indonesia needs loans to buttress its reserves of about $21 billion, which

See INDONESIA, Page 17

Thais to Seek Easier Terms On Assistance

By Thomas Crampton
International Herald Tribune

BANGKOK — Thailand, facing capital flight "on an unprecedented scale," will attempt to renegotiate conditions of the country's IMF-backed international bailout package, senior Thai officials said Wednesday.

The officials said they wanted to ease strict budget constraints and extend Thailand's borrowing limits in the renegotiations early next week over the $17.2 billion bailout.

"Capital flight is taking place on an unprecedented scale and commercial banks are not lending any more money," Deputy Finance Minister Surasak Nananukool said in an interview. "So we will ask them if we can borrow money to help companies with export financing." Even companies that increased their competitiveness through the nearly 40 percent fall of the baht have had trouble paying for raw materials, Mr. Surasak said.

He said the request to issue $5 billion worth of bonds or other debt instruments had already been made during informal discussions with the International Monetary Fund but would be formalized for presentation on Monday, at a review of Thailand's progress under the program.

Thai officials said they would also press for performance criteria, including spending restraints, to be eased.

"When the IMF package was set up in August, the baht was around 32 to the dollar," an official at the prime minister's office told Bridge News. "Yesterday it rose to nearly 40. So it has become very difficult to meet some of the criteria.

"Everyone has to realize the economic situation has changed," said the official, who spoke on condition of anonymity.

Mr. Surasak and the official said there were certain conditions Thailand would have no problem meeting, such as trimming the current account deficit to below 5 percent at the end of the year. "With the collapse of imports, that will not be a problem," Mr. Surasak said.

International investors have been dismayed by the Thai government's inability to execute consistent policy. While confidence in the country is now largely pinned on strict application of the IMF program, analysts said the rapid economic deterioration in Thailand and neighboring countries means more help

See THAILAND, Page 17

WALL STREET WATCH

Did New York's 'Circuit-Breakers' Fan a Panic?

Trading Halt Gave Americans Time to Rethink Plunge but Left World in a Bind

By Floyd Norris
New York Times Service

NEW YORK — Panic on Wall Street spread around the world but was halted Tuesday where it had been the most intense just a day earlier — in America. For better or worse, the United States is setting the tone for world stock markets.

Whether Tuesday's buyers or sellers will ultimately prove to have been the wiser investors will not be known for some time. But it is clear that the impact on world markets was intensified by U.S. stock-market rules that were aimed at minimizing market swings. Those rules may have helped bring in buyers Tuesday, but the cost to world markets was significant.

First came the panic. Most stock markets plunged further and faster early Tuesday than they had at any time in recent years. The cause clearly was alarm over the drop Monday in New York.

Because the market's rules cut off trading Monday after the Dow Jones industrial average fell 550 points, there was no way to determine just how far prices would have plunged in New York if stocks had been allowed to trade freely.

Then came the turnaround Tuesday. Prices opened lower in New York but rebounded after less than an hour. European markets that were still open turned on a dime, bouncing back from their deepest losses earlier in the day. It was not that there was suddenly better news on the prospects for European companies and economies. It was the reassurance provided by the world's largest and most important stock market.

Who had turned around that market? No data are available on who really buys and sells stocks. But computers that monitor trading can reach some conclusions. Those computers, reports Laszlo Birinyi of Birinyi Associates, a market-research firm, indicate that it was smaller orders, of fewer than 10,000 shares, that provided all of the market's power. The bigger orders were generally negative for most of the day.

Virtually all of the bigger orders came from institutional investors such as pension funds and mutual funds. Some of the smaller orders did too, of course. But many of them came from ordinary investors.

At least for now, it appears that Main Street was more willing to believe the old trend — of prices that rise year after year — than the new one that had manifested itself in the past week.

Last week, when a plunge in Hong Kong set off international alarms, the New York market was a bastion of relative strength. Early in the week, shares rose despite Asian weakness. Even Thursday and Friday, when prices fell sharply in New York, the declines were not as great as in most other markets.

But Monday, New York did worse than most markets and was forced to close early when a so-called circuit-breaker kicked in after the Dow Jones industrial average had fallen 550 points, or about 7 percent. An earlier circuit-breaker resulted in a half-hour break after the Dow fell 350 points.

There are just 30 stocks in the Dow, but the thousands of stocks in all American markets are barred from trading after those 30 plunge. The data indicate that both large and small orders put downward pressure on the market Monday.

[The head of the Securities and Exchange Commission, Arthur Levitt, said Wednesday that he might recommend that circuit-breakers be triggered when stocks fall by a certain percentage rather than by a certain number of points, Bloomberg News reported from Washington.]

The rally Tuesday can be cited as evidence that circuit-breakers work. After American investors had the night to think it over, enough of them were willing to invest to halt the fall in prices not long after the trading started.

But the intensity of the selling between the time the U.S. market closed early Monday and the time it reopened Tuesday indicates that those who designed the circuit-breakers were wrong to think that the market reaction to a closing would be minimized by the fact that it had been caused by an existing rule rather than by fearful exchange officials or politicians.

"We were very aware that ad hoc acts of closing the market could cause panic," said Robert Glauber, executive director of the government's Brady Commission, which studied the 1987 plunge and called for circuit-breakers. "Circuit-breakers were put in place so no one would think anyone had pushed the panic button."

But somebody obviously thought just that, and the results were awesome. Hong Kong, which had already fallen 23 percent in four days, fell 13.7 percent Tuesday, and other bourses dropped sharply.

Johnny Eggitt/Agence France-Presse
Traders relaxing as London stocks rebounded Wednesday on the strength of New York's big gain Tuesday.

Bank Lists Currencies At Risk

International Herald Tribune

LONDON — The Hong Kong dollar carries only a fairly modest risk of devaluation on economic grounds, despite the speculative turmoil of recent days, but the South Korean won, the South African rand and the Brazilian real are vulnerable, a leading international bank said Wednesday.

Economists at American Express Bank Ltd., an arm of the U.S. financial-services company, have come up with a vulnerability index of emerging-market economies to try to spot the next candidate for a devaluation.

The Pakistani rupee is the most vulnerable of the 23 currencies surveyed, scoring 14 points out of a maximum vulnerability score of 18.

The bank said the won was vulnerable because of South Korea's low level of foreign-exchange reserves, an over-extended domestic banking sector and an $85 billion foreign-financing requirement.

The real scored 10 points on the vulnerability scale because of its perceived overvaluation and Brazil's foreign-financing requirement of nearly $100 billion.

The Hong Kong dollar received a middle-range score of 8, suggesting that recent market pressure had been driven more by the negative sentiment pervading Southeast Asia than by any serious problems related to Hong Kong.

CURRENCY & INTEREST RATES

Cross Rates

Oct. 29

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.964	3.2715	1.1275	0.3376	0.1151*	—	5.4625*	1.3773	1.6317*	1.4035	1.335*
Brussels	35.8375	59.97	20.625	6.1545	2.1046*	18.295	—	25.1525	0.2983	25.75	24.47*
Frankfurt	1.740	2.902	—	0.2986	0.1021*	0.8871	4.849*	1.2183	1.4458*	1.2427	1.1845*
London (a)	1.6464	—	2.902	9.7172	2,844.04	3.2712	59.8187	2.3769	208.997	2.3317	245.1835
Madrid	146.953	245.294	84.417	25.289	8.611*	74.884	4.0934	103.046	122.984*	104.832	—
Milan	1,705.25	2,840.55	979.30	292.70	—	869.29	47.525	1,193.29	14.149	1,215.86	11.615
New York (b)	—	1.6727a	1.738	5.7901	1,697.00	1.9488	35.65	1.408	120.72	1.4022	146.925
Paris	5.8295	9.7305	3.3488	—	0.3406*	2.9706	0.1624	4.0866	4.843*	4.1586	3.966*
Tokyo	120.45	201.32	69.30	20.46	0.707	61.39	3.3561	84.50	—	86.12	0.8381
Toronto	1.4086	2.3420	0.8107	0.242	0.0827*	0.719	0.3932*	0.9937	1.1602*	—	0.958*
Zurich	1.4285	2.3721	0.8181	0.2443	0.0824*	0.7257	3.9659*	—	1.1805*	1.0139	0.9688*
1 ECU	1.1327	0.6786	1.9718	6.6029	1,938.88	2.2228	40.6625	1.4158	136.34	1.5878	166.491
1 SDR	1.3084	0.8072	2.2991	8.0354	2,352.46	2.7045	48.4019	1.9679	165.959	1.946	202.431

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers; New York at 4 P.M. and Toronto rates at 3 P.M.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9986	Greek drac.	274.20	Mex. peso	8.20	S. Afr. rand	4.807
Australian $	1.4196	Hong Kong $	7.727	N. Zealand $	1.5992	S. Kor. won	967.90
Austrian sch.	12.261	Hung. forint	196.25	Norw. krone	7.0546	Swed. krona	7.5225
Brazil real	1.1048	Indian rupee	36.30	Phil. peso	34.70	Taiwan $	30.82
Chinese yuan	8.313	Indo. rupiah	3669.0	Polish zloty	3.52	Thai baht	39.10
Czech koruna	33.63	Irish £	0.6759	Port. escudo	177.70	Turkish lira	182190.
Danish krone	6.6325	Israeli shek.	3.5628	Russ ruble	5883.0	UAE dirham	3.671
Egypt. pound	3.3998	Kuw dinar	0.304	Saudi riyal	3.7505	Venez. boliv.	499.00
Fin. markka	5.2168	Malay. ring.	3.397	Sing. $	1.5767		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6646	1.6623	1.6603	Japanese yen	119.95	119.40	118.83
Canadian dollar	1.3980	1.3958	1.3935	Swiss franc	1.4296	1.4282	1.4268
Deutsche mark	1.7394	1.7361	1.7332				

Sources: ING Bank (Amsterdam); Cera Investment Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from the Associated Press, Bloomberg and Reuters.

Libid-Libor Rates

Oct. 29

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5 1/4 - 5 5/16	3 1/2 - 3 5/8	1 3/8 - 1 1/2	7 - 7 1/8	3 5/16 - 3 7/16	1/2 - 1/2	4 5/16 - 4 7/16
3-month	5 5/8 - 5 3/4	3 3/4 - 3 13/16	2 - 2 1/8	7 1/4 - 7 3/8	3 9/16 - 3 3/4	1/2 - 1/2	4 7/16 - 4 9/16
6-month	5 13/16 - 5 15/16	3 13/16 - 3 15/16	2 1/16 - 2 3/16	7 3/8 - 7 1/2	3 11/16 - 3 7/8	5/8 - 3/4	4 1/2 - 4 5/8
1-year	5 3/4 - 5 7/8	4 1/16 - 4 3/16	2 3/16 - 2 1/4	7 9/16 - 7 11/16	3 15/16 - 4 1/16	5/8 - 3/4	4 5/8 - 4 3/4

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8 1/2	8 1/2
Federal funds	5 5/8	5 1/2
90-day CDs dealers	5.68	5.63
180-day CP dealers	5.55	5.53
3-month Treasury bill	5.03	5.11
1-year Treasury bill	5.04	5.13
2-year Treasury bill	5.62	5.71
5-year Treasury note	5.79	5.88
7-year Treasury note	5.83	5.92
10-year Treasury note	5.89	5.97
30-year Treasury bond	6.21	6.29
Merrill Lynch 30-day RA	5.09	5.09
Japan		
Discount rate	0.50	0.50
Call money	0.42	0.43
1-month interbank	0.46	0.46
3-month interbank	0.47	0.47
6-month interbank	0.50	0.50
10-year Govt bond	1.83	1.82
Germany		
Lombard rate	4.50	4.50
Call money	3.48	3.45
1-month interbank	3.53	3.53
3-month interbank	3.70	3.70
6-month interbank	3.85	3.82
10-year Bund	5.64	5.76
Britain		
Bank base rate	7.00	7.00
Call money	7 1/4	7 5/16
1-month interbank	7 5/16	7 5/16
3-month interbank	7 5/16	7 7/16
6-month interbank	7 5/8	7 3/4
10-year Gilt	6.59	6.59
France		
Intervention rate	3.30	3.30
Call money	3 1/4	3 1/4
1-month interbank	3 7/16	3 3/8
3-month interbank	3 9/16	3 9/16
6-month interbank	3 3/4	3 11/16
10-year OAT	5.66	5.65

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	N.A.	313.10	+1.00
London	313.70	313.50	+1.15
New York	316.60	314.40	–2.60

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (Dec.)
Source: Reuters.

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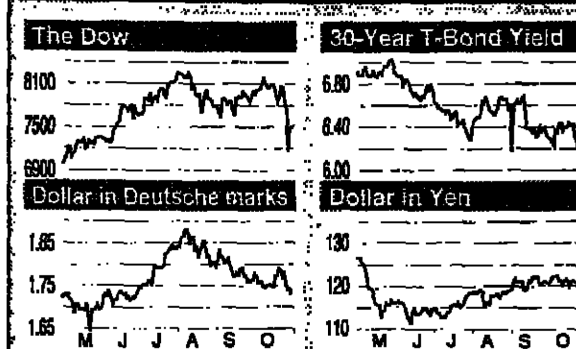
Investor's America



Exchange	Index	Wednesday @4PM	Prev. Close	% Change
NYSE	The Dow	7506.67	7498.32	+0.11
NYSE	S&P 500	919.16	918.18	+0.33
NYSE	S&P 100	879.47	883.37	-0.44
NYSE	Composite	482.93	482.66	+0.06
U.S.	Nasdaq Composite	1602.95	1600.34	+0.16
AMEX	Market Value	676.41	670.26	+0.92
Toronto	TSE Index	6842.70	6731.40	+1.65
São Paulo	Bovespa	9618.15	10447.32	-8.02
Mexico City	Bolsa	4774.89	4724.05	+1.08
Buenos Aires	Merval	693.11	716.82	-3.31
Santiago	IPSA General	5013.38	4998.23	+0.30
Caracas	Capital General	9899.86	9601.69	+2.19

Source: Bloomberg, Reuters International Herald Tribune

Signs of Stable Rates Hit Dollar

Bloomberg News

NEW YORK — The dollar fell against European currencies Wednesday after Alan Greenspan, the chairman of the Federal Reserve Board, quelled expectations that U.S. interest rates may soon rise.

Mr. Greenspan told the Joint Economic Committee of Congress that U.S. inflation was low and falling, suggesting the central bank may not need to raise its benchmark lending rate to rein in growth.

Meanwhile, some analysts expect Germany's central bank to raise interest rates before the Fed does, luring investors to the mark.

"Greenspan's pushing back any expectation for higher rates, while recent reports in Germany suggest that recovery there will pick up steam and the spread between U.S. and German interest rates will narrow," said Kathy Jones, a currency analyst at Prudential Securities Inc.

At 4 P.M., the dollar was at 1.7280 Deutsche marks, down from 1.7413 DM on Tuesday, at 5.7901 French francs, off from 5.8320 francs, and 1.4080 Swiss francs, compared with 1.4235 francs. The pound rose to $1.6727 from $1.6658.

But the dollar managed to edge higher against the yen, rising to 120.720 yen from 120.475 yen

FOREIGN EXCHANGE

Tuesday. Investors are worried that the currency turmoil in Southeast Asia will further damage Japan's economy.

Mr. Greenspan's overall upbeat assessment of the U.S. economy and calmer stock trading also underpinned the dollar against the yen.

But talk that U.S. rates are on hold, combined with expectations for higher rates in Germany, means "the dollar's going to have a tough time climbing against the mark," said Earl Johnson, international economist at Bank of Montreal in Chicago.

Expectations of a German rates rise came from a report that German plant and machinery orders surged in September.

Orders rose an inflation-adjusted 29 percent in September from a year ago, Germany's industry association VDMA said.

Some analysts also are expecting Germany will have to raise rates in the run-up to Europe's planned economic and monetary union. The treaty outlining the monetary arrangement calls for participating countries' short-term interest rates to converge.

Germany's securities repurchase rate is currently at 3.30 percent, compared with Italy's discount rate of 6.25 percent.

But some Bundesbank officials recently suggested German rates may not soon be headed higher.

On Wednesday, Klaus-Dieter Kuehbacher, a member of the Bundesbank council, said, "until Christmas, there will certainly be a policy of the steady hand."

What Greenspan Said

Excerpts from testimony of the Federal Reserve Board chairman, Alan Greenspan, before the Joint Economic Committee Wednesday:

. . . Yet, provided the decline in financial markets does not cumulate, it is quite conceivable that a few years hence, we will look back at this episode, as we now look back at the 1987 crash, as a salutary event in terms of its implications for the macroeconomy.

We need to assess these developments against the backdrop of a continuing impressive performance of the American economy in recent months. Growth appears to have remained robust and inflation low, and even falling, despite an ever-tightening labor market.

• The currency crises in Southeast Asia and the declines in equity prices there and elsewhere do have some direct effects on U.S. corporate earnings, but not enough to explain the recent behavior of our financial markets. If it was not some developments in Southeast Asia, something else would have been the proximate cause for a re-evaluation.

• The financial disturbances that have afflicted a number of currencies in Asia do not at this point, as I indicated earlier, threaten prosperity in this country, but we need to work closely with their leaders and the international financial community to assure that their situations stabilize. It is in the interest of the United States and other nations around the world to encourage appropriate policy adjustments and where required, provide temporary financial assistance.

• I believe there is much to be learned from the recent experience in Asia that can be applied to better the workings of the international financial system. . . .

GREENSPAN: *Fed Chief Soothes Wall Street by Calling World Markets 'Less Out of Line' After Jolt*

Continued from Page 1

sell-offs in Southeast Asia that had spilled into Europe — U.S. stocks rebounded Tuesday by 337 points, the Dow's biggest point rise ever.

On Wednesday, the industrial average, after moving in a range of more than 150 points, finished just 8.35 points higher at 7,506.67.

The recovery Tuesday on Wall Street also spurred a rally Wednesday in European stocks, but buying was light and nervous.

France's CAC-40 index of blue-chip issues scored its biggest percentage gain in nearly seven years, closing up 6.26 percent at 2,818.00 points.

In London, the Financial Times-Stock Exchange 100-share index finished up 2.45 percent at 4,871.80 points. In Milan, the benchmark Mibtel index finished up 4.88 percent at 15,043 points, recovering from a 6.03 percent drop Tuesday.

Germany's DAX index ended floor trading 6.30 percent higher, at 3,791.81 points.

Mr. Greenspan said the central bank would be "watching economic and financial-market developments closely and evaluating their implications."

Robert DiClemente, the chief economist at Salomon Brothers Inc., interpreted that as meaning that the Fed did not see any significant inflationary pressures.

Equity investors also took comfort from Mr. Greenspan's words, although the stock market's gains were not as notable as those in the bond market, which has been rising since April and which benefited in the past few days as investors all over the world fled equity investments because of the instability triggered in Hong Kong.

In the American economy in recent months, the chief U.S. central banker said, "Growth appears to have remained robust and inflation low, and even falling, despite an ever-tightening labor market."

"Today's economy has been drawing down unused labor resources at an unsustainable pace. The market's net retrenchment of recent days should help prolong our six-and-a-half-year business expansion," he said.

Mr. Greenspan also said inflation was low, but that the Fed could not be complacent about price pressures that may result from wages spurred higher by low unemployment.

He said the greatest threat to expansion "at the moment is the onset of inflation."

Mr. Greenspan devoted most of his testimony to a discussion of what he described as "the considerable turbulence in world financial markets." He said many Asian economies had been growing rapidly from the 1960s and 1970s until this decade, when they began to interest investors in industrial countries where the earnings potential was lower.

"In retrospect," Mr. Greenspan said, "it is clear that more investment monies flowed into these economies than could be profitably employed at modest risk." He said much of the money was invested in real estate, "with an emphasis by both the public and private sectors on conspicuous construction projects."

Many of these real-estate projects were then pledged as collateral for "a significant proportion of the assets of domestic financial systems," which in many cases were "beset with problems of lax lending standards, weak supervisory regimes and inadequate capital," Mr. Greenspan said. Recalling the "unlamented" U.S. savings-and-loans crises of the 1980s, Mr. Greenspan said long-term mortgage loans accentuated the problems of lenders with shorter-term liabilities.

The Fed chairman had some advice for the Asian countries, but it was bitter medicine. "Investment mistakes are inevitable in any dynamic economy," he said, but "companies should be allowed to default, private investors should take their losses, and government polices should be directed toward laying the macroeconomic and structural foundations for new expansion; new growth opportunities must be allowed to emerge."

Very briefly:

• **Viacom Inc.**'s third-quarter profit fell 70 percent, to $434.3 million, as weakness at the Blockbuster video chain offset strong performances from MTV, Paramount studios and the media conglomerate's other businesses. Revenue rose 12 percent, to $3.65 billion.

• **General Motors Corp.** announced a reorganization of its car and truck engine and transmission operations, with both domestic and overseas operations to report to Arv Mueller, now vice president and group executive overseeing design and engineering, metal fabricating, and research and development.

• **Brazil**'s national statistics institute said the unemployment rate in the country's six biggest cities fell to 6.13 percent in September from 6.42 percent in August on a seasonal increase in hiring in the construction and metalworking industries. In September 1996, the jobless rate was 5.63 percent.

• **ValuJet Inc.** posted a third-quarter loss of $14.6 million, down from $21.9 million a year earlier but still more than twice as much as analysts had expected, in another sign the airline is having trouble repairing the damage to its reputation from a 1996 crash in Florida in which 110 people were killed.

AP, Bloomberg

Columbia Healthcare Profit Drops

Bloomberg News

NASHVILLE, Tennessee — Columbia/HCA Healthcare Corp. said Wednesday its third-quarter earnings fell 57 percent as increases in operating costs outstripped growth in revenue amid a government investigation of possible Medicare fraud.

Profit from continuing operations fell to $129 million from $299 million a year earlier. Revenue edged up to $4.61 billion from $4.60 billion. The earnings decline — the first time in five years that the hospital group had failed to increase profit — was the latest consequence of the investigation that forced the resignation of Richard Scott as chief executive in July. The company's shares fell 37.5 cents to close at $27.625.

INTERNATIONAL FUTURES

Oct. 29, 1997

Grains

CORN (CBOT) 5,000 bu minimum- cents per bushel	High	Low	Latest	Chge	Opint
Dec 97	287¾	281	281¼	-3	201,051
Mar 98	296½	290¾	291	-2½	104,782
May 98	302	296¼	297	-2½	30,647
Jul 98	305½	300½	300¾	-2	39,862
Sep 98	294½	291	291	-1½	3,807
Dec 98	292¾	289¾	289¼	unch.	24,899
Jul 99	302½	302	302½	+1½	203

Est. sales 59,000 Tue's sales 68,558
Tue's open int 406,497, off 2,450

SOYBEAN MEAL (CBOT) 100 tons- dollars per ton	High	Low	Latest	Chge	Opint
Dec 97	224.30	221.30	222.60	+1.20	38,846
Jan 98	222.50	219.00	219.90	+0.30	22,073
Mar 98	219.80	216.10	216.50	-0.60	19,915
May 98	218.50	215.50	215.70	-0.80	17,606
Jul 98	219.40	217.30	217.30	-1.10	11,775
Aug 98	220.00	218.00	217.60	-0.70	2,682

Est. sales 16,000 Tue's sales 19,236
Tue's open int 117,975, off 933

SOYBEAN OIL (CBOT) 60,000 lbs- cents per lb	High	Low	Latest	Chge	Opint
Dec 97	25.70	25.30	25.38	-0.25	54,404
Jan 98	25.78	25.48	25.55	-0.22	26,020
Mar 98	25.92	25.64	25.71	-0.21	13,991
May 98	25.95	25.66	25.73	-0.19	8,982
Jul 98	26.00	25.75	25.78	-0.20	8,544
Aug 98	25.90	25.60	25.60	-0.22	632

Est. sales 13,000 Tue's sales 13,946
Tue's open int 113,613, up 677

SOYBEANS (CBOT) 5,000 bu minimum- cents per bushel	High	Low	Latest	Chge	Opint
Nov 97	697	688	689	-2¼	43,233
Jan 98	704½	695	696	-2¼	55,866
Mar 98	712½	702½	703½	-3	21,951
May 98	718	709	709½	-3½	16,400
Jul 98	724	715½	716½	-2¼	12,695

Est. sales 50,000 Tue's sales 66,859
Tue's open int 158,165, off 4,040

WHEAT (CBOT) 5,000 bu minimum- cents per bushel	High	Low	Latest	Chge	Opint
Dec 97	365	358½	358½	-2¾	54,185
Mar 98	378¼	373	373¼	-2½	26,439
May 98	384½	380	380¼	-2½	5,902
Jul 98	386¼	382½	382½	-2	14,323

Est. sales 15,000 Tue's sales 19,377
Tue's open int 103,958, off 1,338

Livestock

CATTLE (CMER) 40,000 lbs.- cents per lb.	High	Low	Latest	Chge	Opint
Dec 97	67.72	66.70	66.75	-0.50	38,827
Feb 98	68.85	67.90	67.95	-0.75	23,201
Apr 98	72.20	71.50	71.52	-0.47	13,789
Jun 98	69.85	69.20	69.25	-0.52	10,534
Aug 98	70.00	69.35	69.35	-0.45	3,444
Oct 98	72.10	71.55	71.55	-0.50	1,161

Est. sales 17,006 Tue's sales 16,467
Tue's open int 90,982, up 567

FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.	High	Low	Latest	Chge	Opint
Oct 97	77.35	77.10	76.87	-0.22	1,692
Nov 97	77.82	76.95	77.02	-0.80	6,162
Jan 98	78.17	77.30	77.35	-0.82	5,386
Mar 98	78.00	77.40	77.42	-0.50	2,441
Apr 98	78.25	77.60	77.65	-0.65	995
May 98	78.90	78.50	78.50	-0.50	723

Est. sales 2,951 Tue's sales 3,416
Tue's open int 17,567, off 176

HOGS-Lean (CMER) 40,000 lbs.- cents per lb.	High	Low	Latest	Chge	Opint
Dec 97	62.05	61.50	61.65	-0.05	19,612
Feb 98	61.85	61.35	61.65	+0.42	9,808
Apr 98	59.07	58.70	58.77	+0.20	4,065
Jun 98	66.45	65.90	65.97	+0.12	2,300
Jul 98	64.92	64.70	64.75	+0.27	917

Est. sales 4,830 Tue's sales 9,487
Tue's open int 37,330, up 964

PORK BELLIES (CMER) 40,000 lbs.- cents per lb.	High	Low	Latest	Chge	Opint
Feb 98	64.95	63.45	64.35	+1.20	6,085
Mar 98	64.77	63.30	64.07	+1.02	956
May 98	64.95	63.55	64.15	+1.15	286

Est. sales 2,812 Tue's sales 2,012
Tue's open int 7,502, off 85

Food

COCOA (NCSE) 10 metric tons- $ per ton	High	Low	Latest	Chge	Opint
Dec 97	1623	1600	1603	+5	33,784
Mar 98	1659	1635	1639	+3	28,760
May 98	1678	1660	1660	+2	13,311
Jul 98	1696	1679	1679	+1	3,890
Sep 98	1700	1699	1699	unch.	4,821
Dec 98	1735	1717	1717	unch.	8,878

Est. sales 7,930 Tue's sales 8,357
Tue's open int 104,680, up 875

COFFEE C (NCSE) 37,500 lbs.- cents per lb.	High	Low	Latest	Chge	Opint
Dec 97	153.75	149.00	150.60	-0.10	11,515
Mar 98	143.00	139.50	140.50	-0.05	8,200
May 98	138.50	136.50	136.50	unch.	2,687
Jul 98	134.50	133.00	133.00	-0.05	1,929
Sep 98	131.00	129.50	129.50	-0.25	915

Est. sales 6,363 Tue's sales 6,098
Tue's open int 25,896, up 106

SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.	High	Low	Latest	Chge	Opint
Mar 98	12.08	11.84	12.00	+0.22	88,862
May 98	11.99	11.85	11.95	+0.19	24,399
Jul 98	11.86	11.72	11.82	+0.16	18,422
Oct 98	11.76	11.65	11.71	+0.13	20,052

Est. sales 42,683 Tue's sales 19,114
Tue's open int 160,650, off 930

ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.	High	Low	Latest	Chge	Opint
Nov 97	69.10	68.20	68.80	+0.45	7,132
Jan 98	72.50	71.25	71.90	+0.50	18,042
Mar 98	75.70	74.70	75.25	+0.60	10,728
May 98	78.50	78.00	78.35	+0.45	2,395

Est. sales N.A. Tue's sales 4,032
Tue's open int 40,465, off 609

Metals

GOLD (NCMX) 100 troy oz.- dollars per troy oz.	High	Low	Latest	Chge	Opint
Nov 97			313.60	-2.10	1
Dec 97	317.20	312.70	314.40	-2.10	116,866
Feb 98	318.50	314.50	315.90	-2.00	29,409
Apr 98	320.00	315.80	317.70	-1.90	6,989
Jun 98	320.50	318.80	319.60	-1.80	10,796
Aug 98	321.60	320.50	321.60	-1.70	4,472
Oct 98			323.60	-1.70	891
Dec 98	325.60	324.70	325.60	-1.70	11,028
Feb 99			327.60	-1.60	2,751

Est. sales 47,000 Tue's sales 47,343
Tue's open int 217,825, up 4,100

HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.	High	Low	Latest	Chge	Opint
Oct 97	92.20	91.20	90.70	+0.50	
Nov 97	92.15	90.80	90.90	+0.50	3,873
Dec 97	92.70	90.80	91.05	+0.55	31,157
Jan 98	92.30	91.25	91.25	+0.45	1,161
Feb 98			91.40	+0.50	1,322
Mar 98	92.60	91.20	91.50	+0.50	8,041
Apr 98	92.60	91.35	91.35	+0.45	1,202
May 98	92.40	91.50	91.50	+0.50	3,209
Jun 98	92.00	91.35	91.35	+0.35	1,181

Est. sales 15,000 Tue's sales 13,379
Tue's open int 62,841, up 2,405

SILVER (NCMX) 5,000 troy oz.- cents per troy oz.	High	Low	Latest	Chge	Opint
Oct 97			477.30	-1.00	45
Nov 97			477.30	-1.20	1
Dec 97	483.00	472.50	479.50	-1.00	59,776
Jan 98	482.50	480.00	480.70	-1.00	31
Mar 98	486.00	479.00	485.00	-1.00	19,430
May 98	487.80	484.00	487.80	-1.00	2,729
Jul 98	492.00	488.00	490.60	-1.00	2,785
Sep 98			493.40	-1.00	641

Est. sales 16,000 Tue's sales 53,462
Tue's open int 92,847, off 8,242

PLATINUM (NMER) 50 troy oz.- dollars per troy oz.	High	Low	Latest	Chge	Opint
Jan 98	408.00	402.00	402.70	-1.30	11,101
Apr 98	404.00	399.00	399.70	-1.80	1,171
Jul 98	400.60	396.70	396.70	-1.80	26

Est. sales N.A. Tue's sales 6,490
Tue's open int 12,346, up 404

LONDON METALS (LME) Dollars per metric ton	Close		Previous	
Aluminum (High Grade)				
Spot	1596.00	1597.00	1550½	1551½
Forward	1622.00	1623.00	1582.00	1583.00
Copper Cathodes (High Grade)				
Spot	2018.00	2019.00	1972.00	1973.00
Forward	2027.00	2028.00	1982.00	1983.00
Lead				
Spot	593½	594½	581.00	582.00
Forward	607.00	608.00	595.00	596.00
Nickel				
Spot	6225.00	6235.00	6150.00	6155.00
Forward	6315.00	6320.00	6245.00	6250.00
Tin				
Spot	5500.00	5510.00	5390.00	5410.00
Forward	5515.00	5520.00	5410.00	5430.00
Zinc (Special High Grade)				
Spot	1250.00	1251.00	1211.00	1212.00
Forward	1270.00	1271.00	1232.00	1233.00

Financial

US T BILLS (CMER) $1 million- pts of 100 pct.	High	Low	Close	Chge	Opint
Dec 97	95.10	95.03	95.09	+0.04	4,653
Mar 98	95.14	95.14	95.20	+0.06	4,534
Jun 98			95.13	+0.08	485
Sep 98	95.06	95.06	95.07	-0.04	12

Est. sales 2,206 Tue's sales 2,082
Tue's open int 9,684, up 214

5 YR TREASURY (CBOT) $100,000 prin- pts & 64ths of 100 pct	High	Low	Close	Chge	Opint
Dec 97	108-20	107-50	108-07	+ 15	227,554
Jun 98				-14	unch.

Est. sales 114,700 Tue's sales 192,668
Tue's open int 232,412, off 4,642

10 YR TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct	High	Low	Close	Chge	Opint
Dec 97	111-16	110-20	111-09	+ 14	375,481
Mar 98	111-02	110-16	111-00	+ 14	23,161

Est. sales 125,000 Tue's sales 197,972
Tue's open int 398,944, up 10,367

US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)	High	Low	Close	Chge	Opint
Dec 97	117-30	116-14	117-18	+ 29	617,013
Mar 98	117-19	116-08	117-09	+ 29	73,147
Jun 98	117-00	116-09	116-29	+ 29	11,825
Sep 98	116-18	115-22	116-18	+ 28	2,006

Est. sales 600,000 Tue's sales 921,022
Tue's open int 708,751, off 17,829

LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct	High	Low	Close	Chge	Opint
Dec 97	118-09	117-25	118-08	+0-03	171,803
Mar 98	118-06	118-06	118-07	+0-03	33,699
Jun 98	N.T.	N.T.	118-01	+0-03	205,502

Est. sales: 74,455. Prev. sales: 162,836
Prev. open int.: 205,502 off 3,770

GERMAN GOV. BUND (LIFFE) DM250,000 - pts of 100 pct	High	Low	Close	Chge	Opint
Dec 97	102.32	101.87	102.29	+0.14	274,903
Mar 98	101.44	101.30	101.35	+0.14	11,020

Est. sales: 169,109. Prev. sales: 364,252
Prev. open int.: 285,923 up 7,976

10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct	High	Low	Close	Chge	Opint
Dec 97	98.74	98.36	98.56	—0.02	114,371
Mar 98	98.06	97.86	98.02	—0.02	8,760

Est. sales: 132,909.
Open int.: 123,071 up 4,689.

ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct	High	Low	Close	Chge	Opint
Dec 97	111.78	111.29	111.65	+0.31	112,130
Mar 98	111.63	111.55	111.66	+0.32	1,495
Jun 98	N.T.	N.T.	111.66	+0.32	113,625

Est. sales: 49,701. Prev. sales: 89,483
Prev. open int.: 113,625 off 200

LIBOR 1-MONTH (CMER) $3 million- pts of 100 pct.	High	Low	Close	Chge	Opint
Nov 97	94.37	94.32	94.36	+0.02	39,153
Dec 97	94.22	94.18	94.21	+0.02	14,765
Jan 98	94.33	94.29	94.33	+0.03	4,435

Est. sales 11,904 Tue's sales 13,787
Tue's open int 61,416, off 475

EURODOLLARS (CMER) $1 million-pts of 100 pct.	High	Low	Close	Chge	Opint
Nov 97	94.26	94.21	94.25	+0.03	22,767
Dec 97	94.26	94.19	94.24	+0.03	562,404
Mar 98	94.25	94.15	94.21	+0.05	439,954
Jun 98	94.18	94.08	94.14	+0.04	353,833
Sep 98	94.12	94.01	94.07	+0.05	254,814
Dec 98	94.00	93.91	93.97	+0.04	228,833
Mar 99	93.99	93.90	93.95	+0.04	160,948
Jun 99	93.95	93.87	93.91	+0.03	139,371
Sep 99	93.90	93.82	93.88	+0.04	106,784
Dec 99	93.84	93.75	93.81	+0.04	89,412
Mar 00	93.83	93.75	93.81	+0.04	71,153
Jun 00	93.80	93.72	93.78	+0.04	58,946

Est. sales 829,347 Tue's sales 1,093,981
Tue's open int 2,834,222, up 30,591

BRITISH POUND (CMER) 62,500 pounds, $ per pound	High	Low	Close	Chge	Opint
Dec 97	1.6722	1.6590	1.6678	+0.0014	51,589
Mar 98	1.6660	1.6550	1.6618	+0.0014	354
Jun 98			1.6552	+0.0014	71

Est. sales 9,280 Tue's sales 21,877
Tue's open int 52,014, up 15

CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Can. dlr	High	Low	Close	Chge	Opint
Dec 97	.7168	.7135	.7153	+0.0026	68,800
Mar 98	.7201	.7175	.7186	+0.0026	3,098
Jun 98	.7225	.7210	.7210	+0.0026	626

Est. sales 9,420 Tue's sales 31,269
Tue's open int 72,943, up 4,325

GERMAN MARK (CMER) 125,000 marks, $ per mark	High	Low	Close	Chge	Opint
Dec 97	.5810	.5737	.5797	+0.0029	63,942
Mar 98	.5825	.5780	.5824	+0.0028	2,574
Jun 98	.5905	.5821	.5849	+0.0028	2,617

Est. sales 32,492 Tue's sales 56,863
Tue's open int 69,241, up 3,204

JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen	High	Low	Close	Chge	Opint
Dec 97	.8407	.8317	.8328	-0.0040	104,421
Mar 98	.8518	.8435	.8439	-0.0041	999
Jun 98			.8552	-0.0042	230

Est. sales 24,246 Tue's sales 64,216
Tue's open int 105,651, up 6,177

SWISS FRANC (CMER) 125,000 francs, $ per franc	High	Low	Close	Chge	Opint
Dec 97	.7137	.7022	.7121	+0.0053	46,582
Mar 98	.7204	.7107	.7186	+0.0054	2,456
Jun 98			.7250	+0.0055	266

Est. sales 21,806 Tue's sales 59,486
Tue's open int 49,413, up 7,892

MEXICAN PESO (CMER) 500,000 pesos, $ per peso	High	Low	Close	Chge	Opint
Dec 97	.12280	.11620	.11730	-.00993	24,009
Mar 98	.11820	.11150	.11240	-.01347	12,423
Jun 98	.11450	.11000	.10830	-.00993	2,474

Est. sales 11,834 Tue's sales 29,704
Tue's open int 42,718, up 830

3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct	High	Low	Close	Chge	Opint
Dec 97	92.66	92.63	92.64	—0.02	137,096
Mar 98	92.62	92.58	92.60	—0.03	111,114
Jun 98	92.63	92.60	92.62	—0.03	75,251
Sep 98	92.68	92.65	92.67	—0.02	68,727
Dec 98	92.78	92.75	92.78	—0.02	63,939
Mar 99	92.92	92.89	92.91	—0.03	51,959
Jun 99	93.04	93.01	93.04	—0.02	41,061
Sep 99	93.14	93.10	93.14	—0.03	27,744

Est. sales: 42,187. Prev. sales: 189,101
Prev. open int.: 647,256 up 4,447

3-MONTH EUROMARK (LIFFE) DM1 million - pts of 100 pct	High	Low	Close	Chge	Opint
Nov 97	N.T.	N.T.	96.29	—0.02	3,296
Dec 97	96.23	96.19	96.22	—0.03	317,718
Jan 98	96.14	96.14	96.16	—0.03	970
Mar 98	95.98	95.92	95.97	—0.03	332,497
Jun 98	95.73	95.67	95.73	—0.03	284,122
Sep 98	95.53	95.46	95.53	—0.03	191,571
Dec 98	95.32	95.26	95.32	—0.04	175,873
Mar 99	95.16	95.10	95.16	—0.03	193,647
Jun 99	95.07	94.95	95.01	—0.04	92,448
Sep 99	94.86	94.81	94.86	—0.04	77,326

Est. sales: 211,664. Prev. sales: 573,116
Prev. open int.: 1,819,251 off 1,702

3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct	High	Low	Close	Chge	Opint
Dec 97	96.24	96.20	96.22	— 0.02	44,749
Mar 98	95.95	95.87	95.94	— 0.02	50,031
Jun 98	95.70	95.62	95.68	— 0.04	23,051
Sep 98	95.52	95.41	95.50	— 0.02	17,814
Dec 98	95.36	95.29	95.35	— 0.03	24,194
Mar 99	95.21	95.14	95.20	— 0.03	46,552
Jun 99	95.04	94.98	95.04	— 0.06	13,010
Sep 99	94.91	94.86	94.90	— 0.09	8,619

Est. sales: 69,796.
Open int.: 254,042 up 1,974.

3-MONTH EUROLIRA (LIFFE) ITL 1 million - pts of 100 pct	High	Low	Close	Chge	Opint
Dec 97	93.80	93.72	93.78	+0.03	109,030
Mar 98	94.48	94.42	94.47	+0.03	104,754
Jun 98	94.91	94.83	94.90	+0.03	99,691
Sep 98	95.00	94.96	94.99	+0.01	64,543
Dec 98	95.01	94.97	95.00	+0.01	59,642

Est. sales: 44,902. Prev. sales: 108,966
Prev. open int.: 489,464 up 8,717

Industrials

COTTON 2 (NCTN) 50,000 lbs.- cents per lb.	High	Low	Latest	Chge	Opint
Dec 97	72.19	71.45	71.68	-0.23	47,533
Mar 98	73.45	72.90	73.09	-0.08	17,579
May 98	74.10	73.60	73.90	-0.08	9,800
Jul 98	74.95	74.50	74.60	-0.13	9,595
Oct 98	75.40	75.35	75.40	+0.02	870

Est. sales N.A. Tue's sales 10,289
Tue's open int 95,897, up 486

HEATING OIL (NMER) 42,000 gal, cents per gal	High	Low	Latest	Chge	Opint
Nov 97	57.90	56.40	57.19	+0.67	18,327
Dec 97	58.90	57.30	58.18	+0.78	52,162
Jan 98	59.50	58.05	58.88	+0.78	23,680
Feb 98	59.55	58.40	59.18	+0.78	12,361
Mar 98	58.95	57.90	58.58	+0.68	8,727
Apr 98	57.60	56.60	57.08	+0.63	5,229
May 98	56.95	55.50	55.73	+0.63	3,614

Est. sales N.A. Tue's sales 40,811
Tue's open int 134,598, off 2,427

LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.	High	Low	Latest	Chge	Opint
Dec 97	20.95	20.26	20.68	+0.22	106,993
Jan 98	21.05	20.55	20.80	+0.18	56,699
Feb 98	21.05	20.55	20.83	+0.20	34,206
Mar 98	20.93	20.55	20.75	+0.17	19,858
Apr 98	20.80	20.68	20.72	+0.19	14,699
May 98	20.75	20.60	20.60	-0.08	15,437

Est. sales N.A. Tue's sales 174,823
Tue's open int 404,043, off 316

NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu	High	Low	Latest	Chge	Opint
Nov 97		3.150	3.250	-0.090	38,137
Dec 97	3.570	3.365	3.470	+0.010	59,816
Jan 98	3.450	3.250	3.370	-0.019	33,303
Feb 98	3.010	2.840	2.920	-0.050	22,548
Mar 98	2.650	2.545	2.575	+0.015	16,407
Apr 98	2.340	2.300	2.305	-0.030	9,740

Est. sales N.A. Tue's sales 126,671
Tue's open int 252,928, off 9,139

UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal	High	Low	Latest	Chge	Opint
Nov 97	60.60	58.75	60.09	+1.21	12,407
Dec 97	60.15	58.55	59.50	+0.89	32,448
Jan 98	59.90	58.95	59.48	+0.79	18,171
Feb 98	60.00	59.40	59.73	+0.71	7,610
Mar 98	60.70	60.23	60.23	+0.65	5,755
Apr 98	63.10	62.73	62.73	+0.58	5,434
May 98	62.75	62.45	62.48	+0.53	4,272
Jun 98			61.93	+0.48	2,447

Est. sales N.A. Tue's sales 33,221
Tue's open int 96,815, off 1,830

GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons	High	Low	Latest	Chge	Opint
Nov 97	180.25	176.75	178.50	+2.50	29,093
Dec 97	181.25	178.25	179.75	+2.25	20,810
Jan 98	182.25	179.50	181.00	+2.00	14,260
Feb 98	182.00	179.75	181.00	+1.75	8,572
Mar 98	180.25	178.00	179.00	+1.50	5,902
Apr 98	177.50	176.25	176.25	+1.25	3,044

Est. sales: 19,424. Prev. sales: 22,526
Prev. open int.: 98,392 off 1,314

BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels	High	Low	Latest	Chge	Opint
Dec 97	19.93	19.50	19.64	+0.21	66,238
Jan 98	20.00	19.61	19.71	+0.16	45,799
Feb 98	19.90	19.64	19.66	+0.07	17,516
Mar 98	19.83	19.52	19.54	+0.07	6,379
Apr 98	19.78	19.42	19.42	+0.07	5,381
May 98	19.47	19.30	19.30	+0.06	5,301

Est. sales: 47,050. Prev. sales: 76,167
Prev. open int.: 164,467 up 7,571

Stock Indexes

SP COMP INDEX (CMER) 500 x index	High	Low	Latest	Chge	Opint
Dec 97	941.50	917.10	924.00	-0.50	197,427
Mar 98	950.25	927.50	931.50	-2.70	6,184
Jun 98	910.00	864.25	944.20	unch.	1,621

Est. sales N.A. Tue's sales 245,243
Tue's open int 205,898, up 4,883

FTSE 100 (LIFFE) £25 per index point	High	Low	Latest	Chge	Opint
Dec 97	4920.0	4885.0	4950.0	+195	75,585
Mar 98	4974.0	4974.0	4994.0	+194.0	2,543

Est. sales: 22,092. Prev. sales: 35,884
Prev. open int.: 78,128 up 2,655

CAC 40 (MATIF) FF200 per index point	High	Low	Latest	Chge	Opint
Oct 97	2817.0	2720.0	2815.0	+ 185	27,906
Nov 97	2824.5	2730.0	2822.0	+ 185	26,960

Est. sales: 73,112.
Open int.: 98,498 up 5,100.

Commodity Indexes

	Close	Previous
Moody's	1,524.20	1,512.50
Reuters	1,839.60	1,831.20
D.J. Futures	142.71	143.22
CRB	239.12	238.95

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

AMEX

Wednesday's 4 P.M. Close

The 300 most traded stocks of the day, up to the closing on Wall Street. The Associated Press.

Stock	Sales	High	Low	Latest	Chge
ARC	842	5⅝	5⅝	5⅝	-⅛
ARM Fn n	775	21¼	21	21	+⅛
ActGrp	260	14⅛	14	14	-⅛
AegisRlt n	567	11	10⅝	10⅝	-⅛
Aeroson	253	9½	8⅞	9⅛	+⅛
AirWat	771	1⅞	1½	1⅝	-⅛
AHomes	455	17⅛	16½	16⅝	-⅛
AlldRsh	444	14⅛	14	14⅛	+⅛
Alpharm	846	16⅜	15¼	15⅝	-⅛
AmerPag	194	3½	2⅞	3⅛	+⅛
AmShrd	250	1⅞	1⅝	1⅞	-⅛
Ampal	229	5⅜	5⅛	5⅜	+⅛
Ampex	1919	3⅞	3⅝	3¾	-⅛
Anderc n	375	2	1⅞	2	+⅛
AndreaE s	1634	23⅜	21½	21½	-1⅛
AstLung s	1358	20⅜	19⅝	19⅝	+⅛
AudioBC n	357	8⅝	8	8½	+⅛
Audvox	1042	9	8⅝	8⅝	+⅛
Autotote	958	2⅞	2⅝	2¾	+⅛
Azco	1232	1⅛	⅞	⅞	-⅛
BAT Ind	940	18⅞	18⅝	18⅝	+⅛
BFX Hosp	332	3⅛	3	3	-⅛
Baker	139	10⅜	10⅛	10⅛	+⅛
Baldw	223	5	4⅞	5	+⅛
Ballaly s	319	17⅛	16⅞	17	—
BT dep P	158	25⅝	25⅜	25⅝	+⅛
BarrLab s	179	37⅝	37	37⅝	-⅛
Bayou	194	4⅛	3⅞	4	-⅛
BemaGold	10387	3⅞	3⅝	3⅝	-⅛
BenjFn wt	218	1⅛	1	1⅛	-⅛
BioR A	188	26⅜	25⅞	26⅛	+⅛
BlacApp	143	⅞	¾	¾	—
BNY10	147	14⅛	14	14	-⅛
BlairCp	171	17⅞	17⅝	17⅝	-⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	7543.50	7621.60	7456.08	7506.67	+8.35
Trans	3118.84	3164.86	3099.12	3135.19	+35.36
Util	241.30	244.06	239.99	242.37	+2.14
Comp	2459.39	2487.65	2443.14	2458.57	+13.40

Standard & Poors

	High	Low	Previous Close	Today 4 P.M.
Industrials	1076.30	993.99	1073.66	1068.72
Transp.	668.58	629.81	666.10	672.37
Utilities	204.88	197.26	204.88	205.96
Finance	110.16	102.58	110.10	110.85
SP 500	923.09	855.27	921.25	919.19
SP 100	885.02	815.01	883.37	879.53

NYSE

	High	Low	Last	Chg.
Composite	489.97	480.54	482.93	+0.27
Industrials	612.91	600.09	603.20	-0.85
Transp.	463.20	451.05	456.74	+3.45
Utility	299.28	294.15	295.31	+0.23
Finance	467.97	460.09	463.19	+3.10

Nasdaq

	High	Low	Last	Chg.
Composite	1636.06	1598.48	1602.97	-0.05
Industrials	1290.42	1271.17	1274.89	-9.84
Banks	1927.48	1902.87	1927.43	+24.41
Insurance	1774.50	1754.19	1773.47	+25.42
Finance	2244.88	2221.81	2242.73	+34.53
Transp.	1099.43	1079.64	1083.36	+3.41

AMEX

High	Low	Last	Chg.
679.48	670.54	676.41	+6.14

Dow Jones Bond

	Previous Close	Today Noon
20 Bonds	103.92	104.23
10 Utilities	101.42	101.83
10 Industrials	106.43	106.64

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
Compaq s	163519	69¾	63¾	63½	[illegible]
PhilMor s	102480	40⅞	39	39½	[illegible]
Boeing s	86194	48⅛	46⅝	47⅛	[illegible]
IBM s	84973	102	97⅞	98¼	[illegible]
TelBrasil	81588	118	101	104	[illegible]
GenElec s	76109	67½	63⅝	64⅝	[illegible]
Citicorp	72489	33⅞	32	32⅞	[illegible]
Crecxl	77471	58⅜	56	57	[illegible]
Sears	59628	42⅝	41	41¼	[illegible]
AT&T	59278	49⅛	47⅛	48	[illegible]
Merck	57497	90⅛	88	88	[illegible]
BayNtwk	55747	33	30	30	[illegible]
TelMex	54440	46	43	43	[illegible]
PsfData	54145	29	27	27	[illegible]
MicmT	53074	29	27	27	[illegible]

Nasdaq

	Vol.	High	Low	Last	Chg.
Intel s	329470	83	78	80	[illegible]
DellCpt s	190507	91	82	83	[illegible]
ApldMat s	160084	36	32	33	[illegible]
OxfordHlt	159774	28	26	27	[illegible]
Cisco	130475	81	77	80	[illegible]
Ascend	126803	30	26	28	[illegible]
WorldCm	110017	34	32	33	[illegible]
Microsft s	106764	135	130	131	[illegible]
Oracle s	104840	35	34	35	[illegible]
3Com	97809	46	42	43	[illegible]
SunMic s	92676	37	34	34	[illegible]
TeleComA	71085	24	22	23	[illegible]
Tellabs s	63181	54	51	53	[illegible]
MCI	61686	36	35	35	[illegible]
NoiseCT	61318	2	1	1	[illegible]

AMEX

	Vol.	High	Low	Last	Chg.
SPDR	90389	93	91	92	[illegible]
GreyWolf	42544	8	8	8	[illegible]
BemaGold	10387	3	3	3	[illegible]
ViacB	9786	30	29	30	[illegible]
Nabors	9343	42	39	41	[illegible]
EchoBay	8879	4	4	4	[illegible]
TubMex	7912	24	21	22	[illegible]
XCL Ltd	7785	[illegible]	[illegible]	[illegible]	[illegible]
RoyalO g	7446	2	2	2	[illegible]
Hesex	7385	1	1	1	[illegible]

Trading Activity

NYSE

	Close	Prev.
Advanced	1984	1835
Declined	1091	1342
Unchanged	369	300
Total issues	3444	3477
New Highs	46	22
New Lows	21	297

Nasdaq

	Noon	Prev.
Advanced	2944	2723
Declined	1285	1954
Unchanged	1489	1059
Total issues	5718	5736
New Highs	44	31
New Lows	72	367

AMEX

	Close	Prev.
Advanced	387	318
Declined	238	344
Unchanged	119	138
Total issues	744	800
New Highs	7	5
New Lows	4	64

Market Sales

	Today 4:00	Prev. cons.
NYSE	775.66	1,381.44
Amex	37.83	73.29
Nasdaq	844.61	1,375.00

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
Compania Tel Chil	b	.1554	11-7	11-20
Daimler-Benz 2002	b	2.114	11-14	—
Salomon Bros A	-	.06	10-29	10-30
Salomon Bros B	-	.02	10-29	10-30
Salomon Inv C	-	.02	10-29	10-30
Salomon Inv O	-	.0725	10-29	10-30
South PeruCopper	-	.24	11-19	12-5
STOCK SPLIT				
Control Devices 4 for 3 split.				
Darling Intl 3 for 1 split.				
Delta & PineLand 4 for 3 split.				
Eufaula Bncp 3 for 2 split.				
Metropolitan Fncl 2 for 1 split.				
Ocwen Fncl 2 for 1 split.				
RPC Inc 2 for 1 split.				
Selective Insur 2 for 1 split.				
Skaneateles Bncp 3 for 2 split.				
INCREASED				
Bk of Montreal g	Q	.44	11-7	11-27
Sthn CA Water	Q	.315	11-17	12-1
Union Bkshrs Corp	S	.38	11-21	12-1
EXTRA				
Fort Dearborn	-	.15	11-24	12-12
SPECIAL				
Property Cap Tr		2.50	11-13	11-24
INITIAL				
Delta & PineLand	-	.03	12-1	12-15
LNR Property	-	.0125	11-7	11-17
RESUMED				
Glassmaster Co	-	.03	1-9	1-30
REDUCED				
Salomon Inc	Q	.0923	11-3	11-13
OMITTED				
Tredco Inc				
REGULAR				
Am Elec Pwr	Q	.60	11-10	12-10
AmeriGas Prtnr	Q	.55	11-10	11-18
Bknorth Group	Q	.20	11-21	12-5
Citicorp Inc	Q	.615	11-21	12-19
DuPont EI do	Q	.315	11-14	12-13
Fst CitizBn A NC	Q	.25	12-15	1-5
Kansas City Lt	Q	.44	11-10	11-24
Minn Power Lt	Q	.51	11-14	12-1
Mueller,Paul	Q	.60	11-17	12-12
Oasis Residential	Q	.4525	11-7	11-18
Penn Enterprise	Q	.30	12-1	12-15
Sonat Inc	Q	.27	11-28	12-12
Town Country Tr	Q	.40	11-15	12-10
Union Camp	Q	.45	12-4	12-15

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semiannually.

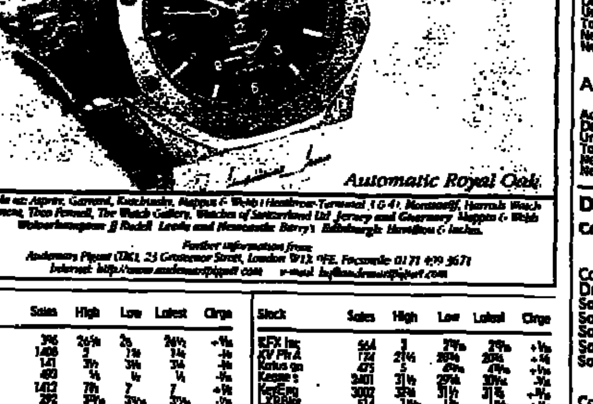
Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99. cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

AP AUDEMARS PIGUET

"THE FINEST WATCH IN THE WORLD WILL ONLY BE WORN BY EXCEPTIONAL PEOPLE."
Jules-Louis Audemars, Edward-Auguste Piguet, 1875



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مكبرا من الاصل

صكنا من الاهل

EUROPE

Bucharest Works on Its Image

President Signals Plan to Bolster Foreign Investment

By Peter S. Green
International Herald Tribune

BUCHAREST — President Emil Constantinescu, battling to maintain the momentum of economic restructuring nearly a year after his reform-minded government took office, has vowed to play a stronger hand to try to draw investment.

In an interview, Mr. Constantinescu acknowledged that feuding among the three government agencies dealing with the economy had become a major stumbling block for foreign investors.

He said he would soon announce a program that would include consolidating Romanian agencies that deal with foreign investment. He would not disclose other details of the plan, which he said he would announce in December.

"It is necessary for the several institutions that deal with reform and privatization to be pulled together so that those who invest in Romania know whom to contact and that once a relationship is in place, it is in place for the long run," Mr. Constantinescu said at an investment conference in Bucharest organized by the International Herald Tribune.

Foreign investors complain that battles among the heads of the Finance Ministry, the Ministry of Economic Reform and the State Ownership Fund have dulled their appetite for investing in Romania.

"You can negotiate a market price for a privatization with the State Ownership Fund, but then you suddenly find this is renegotiated or questioned by another part of the government," said a Western banker who asked not to be identified.

"If you're a big multinational," said one European investor, who also asked not to be named, "you go straight to Constantinescu, and he approves the deal for you. But if you're a smaller investor, it's just a mess. Nothing is definite."

Mr. Constantinescu also said he could no longer stay above the fray on economic reform. A cabinet reshuffle is expected within weeks, according to newspaper reports here.

A year after Mr. Constantinescu's government began to salvage an economic transition interrupted by nearly seven years of rule by former Communists, moves to slash credit and cut the budget have won Romania the support of the International Monetary Fund and other international institutions.

The reformers have made progress, but Romania has yet to catch up with post-Communist regimes in Hungary, Poland, Slovenia or the Czech Republic.

The Finance Ministry said the economy was expected to shrink by 3 percent this year and inflation to hit 130 percent, although a more stable currency should limit inflation to 30 percent next year. Unemployment is expected to hit 6.9 percent, and the budget deficit is expected to be close to what one official called "the ambitious target" of 4.5 percent of gross domestic product. The average wage is about $100 a month.

Some unprofitable state industries have been shut, but few new jobs have been created, and a cold winter could cause new discontent.

"You can't expect society to accumulate tension to the point of explosion," Mr. Constantinescu said. "I must mediate between the citizens and the state and ensure the good functioning of society.

"October, November and the beginning of December are traditionally a very difficult time. This is why I am worried."

As he spoke, an unseasonal snowstorm dumped at least four inches (10 centimeters) of snow on the capital.

He said he would also push for comprehensive laws on privatization and foreign investment to move rapidly through the Parliament, which is controlled by his pro-democracy coalition.

But at the same time, key structural reforms have not yet been made. Privatization of many large firms has been delayed, and small and medium-sized private businesses are failing because of high taxation and risk-shy banks.

Total foreign investment in the economy has been less than $4 billion since 1989, including portfolio investment, in a country of 23 million people.

"Romania is still not a market economy," said Ilie Serbanescu, a leading economic commentator.

Radu Sigheti/Reuters

Emil Constantinescu, Romania's reform-minded president.

Matra to Get $1 Billion Motorola Contract

Bloomberg News

LONDON — Motorola Inc. said Wednesday that it would award Matra Marconi Space a contract valued at more than $1 billion to supply power, propulsion and avionics equipment for its planned satellite communications network called Celestri.

Matra Marconi Space, which is 51 percent-owned by Lagardere Groupe of France and 49 percent by General Electric Co. of Britain, beat bids from Lockheed Martin Corp., Hughes Electronics Corp. and TRW Inc., among others.

Celestri is one of several satellite projects that plan to build high-capacity satellite networks to accommodate spiraling demand worldwide for communications services. Among their customers will be telecommunications operators and private businesses that want to offer video conferencing, interactive television and Internet services.

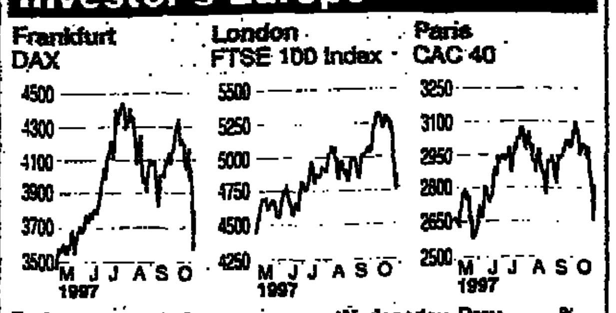
"In the race to be the biggest, the more credible partners you bring into your alliance, the more seductive your project becomes in the eyes of bankers," said Rachel Villain, a senior space and communications analyst at Euroconsult in Paris.

Matra Marconi Space will also invest in the company to be formed to run Celestri, giving the $12.9 billion project a strong European partner to help build its presence worldwide. Celestri faces competition from Teledesic Corp., which is backed by Microsoft Corp.'s chairman, Bill Gates, and from Skybridge Ltd., a joint venture led by Alcatel Alsthom SA and Loral Space & Communications Ltd. It also faces competition from fixed-cable operators.

Motorola expects to spin Celestri off as a separate company by late 1998, as it did with its global satellite mobile-communications company, Iridium Inc. Celestri is to begin service in 2003. Skybridge's $3.5 billion project expects to begin operating in 2001.

"Choosing a European supplier had equal weight to our technical and financial requirements," said John Pientka, vice president of Motorola's advanced-systems division.

Investor's Europe



Exchange	Index	Wednesday Close	Prev. Close	% Change
Amsterdam	AEX	879.40	835.81	+5.22
Brussels	BEL-20	2,312.75	2,214.24	+4.45
Frankfurt	DAX	3,791.81	3,567.22	+6.30
Copenhagen	Stock Market	626.23	598.31	+4.67
Helsinki	HEX General	3,562.26	3,304.59	+7.80
Oslo	OBX	716.66	682.43	+5.02
London	FTSE 100	4,871.80	4,755.40	+2.45
Madrid	Stock Exchange	562.14	491.25	+14.43
Milan	MIBTEL	15043	14343	+4.88
Paris	CAC 40	2,818.00	2,651.33	+6.29
Stockholm	SX 16	3,228.97	3,014.52	+7.11
Vienna	ATX	1,304.28	1,237.42	+5.40
Zurich	SPI	3,480.21	3,364.20	+3.45

Source: Telekurs — International Herald Tribune

Very briefly:

- **Guinness PLC and Grand Metropolitan PLC** are naming the food and drinks company to be created by their £23 billion ($38.63 billion) merger Diageo PLC. The name, which replaces the temporary name GMG Brands, comes from the Latin word for "day" and the Greek word for "world."
- **Cie. Generale des Eaux**'s first-half net profit more than quadrupled, to 3.56 billion French francs ($616 million) from 807.7 million francs a year earlier, mostly as a result of gains from asset sales not related to its water-processing and media activities.
- **Cadbury Schweppes PLC** lost a suit brought by Chocosuisse over its Swiss Chalet brand name, which the Swiss chocolate makers' association said improperly implied that the candy bar was a Swiss product. The British company also said sales of its Dr Pepper soft drink had risen 6 percent, lifting total third-quarter U.S. sales by 2 percent.
- **BAT Industries PLC**'s third-quarter net profit fell 34 percent, to £1.73 billion ($2.9 billion), because of the strong pound and one-time charges in its financial-services and tobacco units.
- **Electrolux AB**'s third-quarter net profit rose 74 percent, to 462 million Swedish kronor ($61.6 million), because of strong demand for its household appliances in the United States and some parts of Europe.
- **Istituto Nazionale delle Assicurazioni SpA**'s shares surged 270 lire to close at 2,640 ($1.55) after the Italian insurer said first-half pretax profit grew 15 percent, to 585 million lire, and that it would spin off its real-estate holdings.
- **Kuwait** is injecting fresh funds, possibly as much as $1 billion, into world markets via its Kuwait Investment Authority to further bolster its huge global investments, an official source said, ending steady withdrawals to finance deficits.
- **French** business confidence climbed in October to its highest level since February 1995, buoyed by strong orders from abroad.

Bloomberg, Reuters

Pilkington to Cut 6,000 Jobs and Reorganize

Compiled by Our Staff From Dispatches

LONDON — Pilkington PLC, the world's biggest maker of flat and safety glass, said Wednesday it would cut 6,000 jobs by March 1999 and take a charge of about £200 million ($320 million) to pay for a reorganization designed to make the company more competitive.

Pilkington said it planned to close its German glass plant by 1999 and also shut down or sell more than 60 European process and distribution glass operations which did not provide a great enough return. The job cuts will bring its work force down to 32,000.

Paolo Scaroni, appointed chief executive officer on May 21 with orders to shake up the company, said the revamp will cut £100 million from Pilkington's £1 billion annual overhead costs by April 1998. He also aims to make further annual savings of about £150 million by April 2000.

On the London Stock Exchange, Pilkington's shares closed at 152.5 pence, down 0.5.

"I have upgraded my forecast for this year and I expect there will be a number of upgrades for next year as well," said Simon Brown, an analyst at Williams de Broe.

But some were less enthusiastic. Michael Rubie, an analyst at Credit Lyonnais, described the plan as "an interesting medium-term recovery play."

Pilkington has chronically disappointed investors. Since March 1996, when shares were around 220 pence, it has issued two profit warnings, and has taken charges of £210 million in its latest two fiscal years.

The details of the reorganization came as the company reported it broke even in the first half, down from a £33 million profit a year earlier, as it took a £37 million charge.

Mr. Scaroni said the reorganization should enable the company to make an operating profit of 8 percent to 12 percent of sales. On 1996 sales figures, that would put operating profit at £233 million to £350 million.

"The extent of the cuts and the pace at which they are to come through was a pleasant surprise," said Andrew Melrose, an analyst at Paribas Capital Markets.

Current operating margins are about 5.8 percent.

Pilkington said first-half pretax profit before charges fell 57 percent to £32 million for the six months ended Sept. 30.

Pilkington maintained its dividend at 1.75 pence.

Mr. Scaroni said earlier this year he would accelerate the company's cost-cutting program in an effort to make Pilkington the most efficient glassmaker in Europe. He had impressed the board by cutting costs at Pilkington's Italian unit, SIV.

First-half sales fell £125 million, or 8.1 percent, to £1.41 billion. Operating profit rose £7 million to £59 million, even as British glass prices have fallen 10 percent due to cheaper imports. *(Bloomberg, Reuters)*

WORLD STOCK MARKETS

Wednesday, Oct. 29

Prices in local currencies.
Telekurs

Amsterdam
AEX index: 879.40 — Previous: 835.81

	High	Low	Close	Prev.
ABN-AMRO	40	38.80	40	38
Aegon	158.30	154.10	156.10	156.50
Ahold	53.10	50.70	52.10	49.50
Akzo Nobel	332	325.30	332	323
Baan Co.	145	138.70	143.60	133.50
Bols Wess cva	31.70	30.70	31.40	30.50
CSM cva	91.50	90.60	91.20	89
Dordtsche Pet	107.70	104.10	107.10	100.20
DSM	188	180	183.90	178
Elsevier	30.80	29.90	30.70	29.20
Fortis Amev	79	76.80	78.70	76
Getronics	67.90	64.70	65.60	66.50
G-Broc cva	53.30	51.60	52.80	51.50
Hagemeyer	92	88.40	89.50	87.50
Heineken	316.50	312	315.50	304
Hoogovens cva	102.50	97	98	96.30
Hunt Douglas	81.90	79.50	81.50	78
ING Group	83.20	80.60	82.80	78.60
KLM	68.30	64	68.30	64.30
KNP BT	45.70	44.60	45.40	44.50
KPN	74	71	74	70.10
Nedlloyd Gp	61	59	60	57.40
Nutricia	58	54.70	56	55.50
Oce Grinten	235	228	232.50	220
Philips Elec	159.50	150.40	157.50	143.80
Polygram	109.30	105.50	107.70	107.90
Randstad Hdg	82.20	78.50	80.50	76.50
Robeco	186.50	182.70	186.50	173
Rodamco	57	56.10	56.80	55.30
Rolinco	177	175.20	176.20	169.50
Rorento	118.30	117.80	118	117.60
Royal Dutch	107	103.10	106.50	99.70
Unilever	107.20	102.10	106.60	101
Vendex Intl	108	103	105.90	102.40
VNU	46.20	41.80	46.20	41
Wolters Kl cva	240.40	234.20	240	230

Bangkok
SET index: 457.16 — Previous: 460.88

	High	Low	Close	Prev.
Adv Info Svc	218	209	212	202
Bangkok Bk F	146	141	143	135
Krung Thai Bk	17.25	15.50	15.50	16.25
PTT Explor	390	380	380	380
Siam Cement F	400	360	382	334
Siam Com Bk F	89.50	85	86	83.50
Telecomasia	24	20.25	20.25	22.50
Thai Airways	52	46.50	46.50	49
Thai Farm Bk F	111	105	107	97
Utd Comm	85	75	75	83

Markets Closed

The stock market in Bombay was closed Wednesday for a holiday.

Brussels
BEL-20 index: 2312.75 — Previous: 2214.24

	High	Low	Close	Prev.
Almanij	1600	1570	1580	1520
Barco Ind	6900	6740	6800	6470
BBL	8820	8500	8820	8290
CBR	3025	2900	3015	2900
Colruyt	18900	17900	18875	17200
Delhaize Lion	1710	1615	1710	1590
Electrabel	7750	7580	7650	7650
Electrafina	3385	3265	3385	3140
Fortis AG	6990	6820	6910	6900
Gevaert	1500	1462	1490	1420
GBL	5460	5240	5370	5200
Gen Banque	13800	13250	13800	12750
Kredietbank	14950	13925	14750	14000
Petrofina	13550	13175	13525	13175
Powerfin	4945	4955	4955	4955
Royale Belge	9260	8970	9000	8600
Soc Gen Belg	3360	3110	3360	3100
Solvay	2140	2040	2100	1975
Tractebel	3035	2960	3035	3000
UCB	119900	118000	119900	113350

Copenhagen
Stock index: 626.23 — Previous: 598.31

	High	Low	Close	Prev.
BG Bank	450	408.50	430	445
Carlsberg B	366	349	358	355
Codan Fors.	1020	1007	1010	940
Danisco	375	353	366	360
Den Danske Bk	760	140	745	750
D/S Svendbrg B	440000	429570	430000	430000
D/S 1912 B	320000	304695	310000	305000
FLS Ind B	181	154	180	168
Kob Lufthavne	806	756	805	770
Nvo Nordisk B	810	710	720	715
Sophus Ber B	1050	940	1030	1000
Tele Danmk B	386	359	380.80	370
Tryg Baltica	431	415	420	405
Unidanmark A	470	339.45	445	460

Frankfurt
DAX: 3791.81 — Previous: 3567.22

	High	Low	Close	Prev.
AMB B	168	165	165	155
Adidas	250	228	249	225
Allianz Hdg	403.50	395	400	386.50
Altana	126	122	123.90	114
Bk Berlin	44	42.75	43.15	41.20
BASF	59.85	58.95	59.50	54.90
Bayer Hypo Bk	73.10	71.50	73.10	69
Bay.Vereinsbank	101.50	98.50	101.50	95
Bayer	62.55	61.60	61.80	57.10
Beiersdorf	80	74.80	75	73
Bewag	41.20	39.50	39.95	39.50
BMW	1263	1240	1260	1125
CKAG Colonia	153.50	152.60	152.60	152
Commerzbank	60.80	59.50	60.50	54.50
Daimler Benz	130.60	117.10	119.50	112
Degussa	81	77.50	78.50	75
Deutsche Bank	115.40	113.10	113.70	108
Deut Telekom	31.80	31	31.55	29.90
Dresdner Bank	74	71.30	74	68
Fresenius	270	263	269	255
Fresenius Med	126	122.50	125.50	113
Fried. Krupp	345	331	345	335
Gehe	93.50	90	90	87.50
Heidelbg Zmt	156	152	156	153
Henkel pfd	94.80	92.30	93.95	85
HEW	468	440	465	460
Hochtief	76	74.50	75	75
Hoechst	69.50	68.50	68.85	64.50
Karstadt	568	552	567	530
Lahmeyer	88.50	85.50	86.01	86
Linde	1060	1035	1035	990
Lufthansa R	31.50	30.50	31.40	29.30
MAN	532	522	530.50	486
Mannesmann	751	738	741	718
Metallgesellschaft	35.90	35.50	35.50	34.50
Metro	71.80	69.80	71	65
Munch Rueck R	507.50	487	498	480
Preussag	471	447	464	460
RWE	77	75.70	75.70	73
SAP pfd	495	479	487.50	472.50
Schering	167	162.90	165.10	152
SGL Carbon	261	255	258	237
Siemens	109.90	107.50	108	99.50
Springer (Axel)	1465	1450	1455	1448
Suedzucker	864	858	858	840
Thyssen	393	380	393	373
Veba	94.75	93	94.30	88.65
VEW	575	574	575	580
Viag	810	800.50	810	766
Volkswagen	1085	1065	1080	995

Helsinki
HEX General index: 3562.26 — Previous: 3304.59

	High	Low	Close	Prev.
Enso A	53	50	52	45.50
Huhtamaki I	219	210	217	210
Kemira	56	54	55	51.70
Kesko	75	73	73.50	71
Merita A	26.50	25	25.50	24
Metra B	142	140	142	140
Metso-Serla B	48	45	46	46
Neste	131.30	127.10	131.30	125
Nokia A	482	463	477	422
Orion-Yhtymae	195	189	191	186
Outokumpu A	84	79	80	75
UPM-Kymmene	134	117	125.10	119
Valmet	91	86	87	86

Hong Kong
Hang Seng: 10765.30 — Previous: 9859.89

	High	Low	Close	Prev.
Amoy Props	6.60	6.05	6.55	6
Bk East Asia	19.20	18	18.10	17.25
Cathay Pacific	8.60	8	8.35	7.70
Cheung Kong	58	52	55.25	46.90
CK Infrastruct	19.20	16	19.20	14.75
China Light	38.80	34.90	38.80	32.50
Citic Pacific	34	31.50	33.90	28.50
Dao Heng Bk	18.60	17.10	18.40	17
First Pacific	4.55	4.25	4.45	3.90
Hang Lung Dev	11	10.20	10.95	10
Hang Seng Bk	71	65	69	58.50
Henderson Inv	6.50	5.50	6.40	5.10
Henderson Ld	44.40	41.80	44	37
HK China Gas	13.40	12.30	13.30	11.45
HK Electric	26.10	23.65	25.25	22
HK Telecomm	14.50	13.30	13.95	11.80
Hopewell Hdgs	2.23	2.06	2.13	1.93
HSBC Hdgs	192	176	188.50	155
Hutchison Wh	55.50	49	54.50	44.10
Hysan Dev	16.50	15.40	15.45	14.10
Johnson El Hdg	23.10	18.50	22.10	17.80
Kerry Props	15.70	14.50	15.60	13.60
New World Dev	29.40	26.70	28.50	23.30
Oriental Press	1.92	1.80	1.90	1.73
Pearl Oriental	0.57	0.50	0.51	0.48
SHK Props	63	57	60.75	53
Shun Tak Hdgs	3.10	2.48	2.53	2.30
Sino Land Co.	5.70	4.90	5.30	4.68
Sth China Post	6.90	5.55	6.90	5.20
Swire Pac A	40.50	38.50	40	36.10
Wharf Hdgs	16.50	15	16.35	13.70
Wheelock	10	8.50	9.40	8

Jakarta
Composite index: 472.85 — Previous: 448.00

	High	Low	Close	Prev.
Astra Intl	2325	2225	2325	2125
Bk Intl Indon	750	725	750	675
Bk Negara	750	725	725	700
Gudang Garm	8725	8300	8725	7700
Indocement	1975	1875	1950	1925
Indofood	3825	3750	3800	3800
Indosat	8100	8000	8025	7900
Hanjaya	5550	5275	5550	5150
Semen Gresik	3400	3275	3300	3200
Telekomunikasi	3325	3100	3250	2950

Johannesburg
All Market: 6391.98 — Previous: 6007.36

	High	Low	Close	Prev.
ABSA Group	29.50	26.60	23.95	23.95
AngloAm Coal	273	267	275.60	275.60
AngloAm Corp	215	190	175	175
AngloAm Gold	225	212	213	213
AngloAm Ind	140	122	118.60	128.60
AngloAM Plat	77	72	71.50	71.50
AVMIN	9.50	8.50	9.25	9.25
Barlow	50	47	45	45
C.G. Smith	21.50	18.50	18.50	18.50
De Beers	129	116.60	115	115
Driefontein	33	30	30.30	30.30
Fst Natl Bk	39.50	34	35	35
Gencor	11.30	10.40	10	10
GFSA	75	71	72	72
Imperial Hdgs	60	53	52	52
Ingwe Coal	28.30	19.50	19.50	19.50
Iscor	2.90	2.30	2.44	2.44
Johnnies Indl	55	51	46.55	46.55
Liberty Hdgs	311	290	275	275
Liberty Life	127	109.40	104.80	104.80
Libl.ife Strat	15.70	13.75	14.50	14.50
Minorco	87	76	77	77
Nampak	15.50	13.10	13.65	13.65
Nedcor	105	94	90	90
Rembrandt Gp	39	35.50	34.50	34.50
Richemont	53.10	50	46.75	46.75
SA Breweries	130	122.80	116	116
Samancor	33	31	30	30
Sasol	58	52.30	49.60	49.60
SBIC	210	186	186	186
Tiger Oats	64.50	62.50	59.10	59.10

Kuala Lumpur
Composite: 642.48 — Previous: 647.32

	High	Low	Close	Prev.
AMMB Hdgs	6.40	5.75	5.80	5.70
Genting	9.10	8.90	9	8.80
Mal Banking	13.80	12.90	13.40	12.60
Mal Intl Ship F	5.70	5.60	5.60	5.55
Petronas Gas	9.25	9.10	9.15	9.05
Proton	8.45	8.15	8.20	8.25
Public Bk	2.12	2.06	2.06	2.02
Renong	3.10	3	3.10	3
Resorts World	6.25	5.75	5.80	5.70
Rothmans PM	27	26.25	26.50	26.25
Sime Darby	4.98	4.64	4.72	4.54
Telekom Mal	8.55	8.30	8.35	7.95
Tenaga	7.55	7.15	7.15	6.95
Utd Engineers	8.40	7.95	8	7.60
YTL	3.90	3.26	3.36	3.68

London
FT-SE 100: 4871.80 — Previous: 4755.40

	High	Low	Close	Prev.
Abbey Natl	9.50	9.05	9.30	9.15
Allied Domecq	5.05	4.70	4.98	4.75
Anglian Water	8.20	7.86	8.09	7.85
Argos	6.15	5.98	6.03	5.90
Asda Group	1.60	1.45	1.55	1.51
Assoc Br Foods	5	4.50	4.85	4.50
BAA	5.67	5.30	5.40	5.11
Barclays	15.98	14.75	15.17	14.35
Bass	7.90	7.65	7.72	7.50
BAT Ind	5.65	5.17	5.42	5.11
Bank Scotland	5.45	4.98	5.10	4.79
Blue Circle	3.65	3.46	3.51	3.24
BOC Group	10.90	9.80	10.19	9.37
Boots	8.90	8.10	8.68	8.15
BPB Ind	3.33	3.28	3.31	3.24
Brit Aerosp	16	15.50	15.55	14.48
Brit Airways	6.15	5.64	5.95	5.60
BG	2.73	2.58	2.60	2.53
Brit Land	6.83	6.58	6.69	6.59
Brit Petm	8.90	8.44	8.73	8.06
BSkyB	4.26	4.04	4.17	3.98
Brit Steel	1.60	1.53	1.58	1.54
Brit Telecom	4.91	4.43	4.61	4.41
BTR	2.27	2.05	2.06	1.96
Burmah Castrol	10.30	9.75	10.18	10.10
Burton Gp	1.28	1.26	1.27	1.25
Cable Wireless	5.10	4.70	4.76	4.77
Cadbury Schw	6.34	5.95	6.10	5.95
Carlton Comm	4.98	4.70	4.78	4.48
Comml Union	9.03	8.09	8.45	7.45
Compass Gp	6.52	6.45	6.50	6.28
Courtaulds	2.91	2.79	2.83	2.82
Dixons	7.20	6.65	6.82	6.71
Electrocomponents	4.68	4.59	4.63	4.50
EMI Group	5.50	4.85	5.03	5
Energy Group	6.21	6.12	6.14	6.10
Enterprise Oil	6.70	6.41	6.52	6.42
Fam Colonial	1.74	1.68	1.74	1.56
Genl Accident	11.04	9.56	10.43	9.89
GEC	4.18	3.68	3.72	3.67
GKN	13.96	13.20	13.21	13.21
Glaxo Wellcome	13.10	11.53	12.70	11.39
Granada Gp	9.20	8.15	8.30	8.12
Grand Met	5.65	5.37	5.42	5.33
GRE	3.20	2.92	2.98	2.95
Greenalls Gp	3.34	3.25	3.30	3.17
Guinness	5.60	5.37	5.40	5.40
GUS	7.50	7	7.39	6.88
Hays	7.12	6.55	6.72	6.65
HSBC Hdgs	14.90	13.80	14.35	12.50
ICI	9.43	8.80	9.19	11
Impl Tobacco	3.75	3.67	3.69	3.64
Kingfisher	8.65	8.05	8.41	7.90
Ladbroke	2.85	2.64	2.67	2.71
Land Sec	10.29	9.35	9.90	9.13
Lasmo	2.70	2.52	2.58	2.51
Legal Genl Grp	5.05	4.70	4.94	4.23
Lloyds TSB Gp	7.87	7.23	7.60	7.11
LucasVarity	2.12	2.04	2.07	2.10
Marks Spencer	6.50	6.30	6.48	6.15
MEPC	5.19	5.10	5.14	5.04
Mercury Asset	13	12.50	12.85	12.35
National Grid	3.01	2.76	2.82	2.88
Natl Power	5.07	4.79	4.98	4.90
NatWest	9.38	8.86	9.07	8.35
Next	7.60	6.73	7.17	7.10
Norwich Union	3.55	3.31	3.45	3.23
Orange	2.40	2.27	2.33	2.31
P&O	7.05	6.70	6.97	6.78
Pearson	8.10	7.42	7.80	7.39
Pilkington	1.62	1.52	1.53	1.53
PowerGen	6.93	6.48	6.73	6.74
Premier Farnell	4.70	4.59	4.70	4.45
Prudential	6.93	6.51	6.72	6.02
Railtrack Gp	10.25	9.10	9.36	8.73
Rank Group	3.70	3.26	3.33	3.18
Reckitt Colm	9.35	8.92	9.05	8.98
Redland	3.41	3.30	3.32	3.31
Reed Intl	6	5.62	5.73	5.48
Rentokil Initial	2.67	2.27	2.39	2.28
Reuters Hdgs	6.60	6.31	6.46	6.23
Rexam	3.17	3.13	3.15	2.94
RTZ reg	8.10	6.85	8	7.40
RMC Group	9.23	9.05	9.23	9.06
Rolls Royce	2.25	2.12	2.14	2.03
Royal Bk Scot	6.63	6.35	6.43	6.25
Royal & Sun All	6	5.29	5.91	5.11
Safeway	3.94	3.68	3.78	3.70
Sainsbury	5.15	4.90	5.03	4.60
Schroders	18	16	17	16.75
Scot Newcastle	6.75	6.40	6.58	6.73
Scot Power	4.57	4.32	4.39	4.22
Securicor	2.80	2.66	2.69	2.62
Severn Trent	9.10	8.61	9.03	9.09
Shell Transp R	4.78	3.75	4.30	4.07
Siebe	12.30	11.10	11.39	10.85
Smith Nephew	1.75	1.72	1.74	1.72
SmithKline	5.90	5.12	5.56	5.25
Smiths Ind	8.85	8.35	8.53	8.45
Sthern Elec	4.80	4.10	4.46	4.51
Stagecoach	7.45	7.25	7.40	6.86
Stand Charter	6.78	6.23	6.60	6.08
Tate & Lyle	4.55	4.45	4.52	4.45
Tesco	4.94	4.65	4.76	4.65
Thames Water	9.47	8.93	9.05	8.98
3i Group	5	4.70	4.95	4.68
TI Group	6	5.60	5.71	5.85
Tomkins	3.09	2.95	3.07	2.97
Unilever	4.75	4.35	4.56	4.08
Utd Assurance	4.85	4.77	4.83	4.67
Utd News	7.85	7	7.35	7.29
Utd Utilities	7.57	7.30	7.42	7.25
Vendome Lx uts	3.67	3.60	3.67	3.52
Vodafone	3.41	3.28	3.41	3.17
Whitbread	7.50	7.09	7.40	6.85
Williams Hdgs	3.68	3.50	3.60	3.42
Wolseley	5.40	4.80	5.08	4.87
WPP Group	2.77	2.67	2.74	2.62
Zeneca	19.90	18.60	18.83	18.90

Madrid
Bolsa index: 562.14 — Previous: 491.25

	High	Low	Close	Prev.
Acerinox	22900	21900	21940	21500
ACESA	1770	1700	1755	1750
Aguas Barcelon	5750	5620	5750	5900
Argentaria	8120	7800	8100	7900
BBV	4150	3950	4060	3805
Banesto	1385	1310	1355	1245
Bankinter	7590	7020	7240	7100
Bco Centro Hisp	2795	2575	2700	2595
Bco Popular	8400	8210	8370	8110
Bco Santander	4210	3885	4210	3700
CEPSA	4330	4000	4200	3885
Continente	2840	2600	2830	2495
Corp Mapfre	6840	6610	6790	6400
Endesa	2690	2610	2665	2565
FECSA	1140	1100	1125	1060
Gas Natural	6650	6100	6360	5980
Iberdrola	1730	1660	1730	1700
Pryca	2180	2075	2180	2040
Repsol	6170	5990	6170	5920
Sevillana Elec	1275	1105	1275	1250
Tabacalera	10660	10210	10550	10190
Telefonica	4085	3885	4065	3800
Union Fenosa	1395	1340	1395	1400
Valenc Cement	2770	2620	2740	2500

Manila
PSE index: 1814.15 — Previous: 1740.18

	High	Low	Close	Prev.
Ayala B	13.25	13	13	12.50
Ayala Land	14.50	13.75	14	13.75
Bk Philip Isl	99	94	95	95
C&P Homes	2.85	2.60	2.60	2.55
Manila Elec A	64.50	63.50	64.50	61
Metro Bank	275	265	267.50	255
Petron	4.10	3.90	3.95	3.95
PCIBank	138	137	138	131
Phil Long Dist	850	830	850	755
San Miguel B	41.50	40.50	41	39
SM Prime Hdg	6.20	5.90	6	5.70

Mexico
Bolsa index: 4719.71 — Previous: 4762.33

	High	Low	Close	Prev.
Alfa A	66.50	62.00	62.80	63.80
Banacci B	20.40	18.00	18.40	18.00
Cemex CPO	36.70	33.00	34.00	34.00
Cifra C	15.70	14.90	14.90	15.30
Emp Modema	41.25	40.00	41.20	41.00
Gpo Carso A1	56.50	53.00	53.80	51.70
Gpo F Bcomer	3.10	2.90	2.96	2.70
Gpo Fin Inburso	31.10	29.80	29.80	28.35
Kimb Clark Mex	40.00	36.50	37.35	39.90
Televisa CPO	137.60	135.00	137.00	135.00
TelMex L	19.00	17.90	17.96	18.50

Milan
MIB Telematico: 15043.00 — Previous: 14343.00

	High	Low	Close	Prev.
Alleanza Assic	14800	14220	14590	13700
Bca Comm Ital	4890	4750	4865	4535
Bca Fideuram	6740	6500	6610	6245
Bca di Roma	1594	1535	1547	1489
Benetton	25500	24500	25000	24050
Credito Italiano	4600	4460	4600	4400
Edison	9098	8820	9000	8590
ENI	9990	9600	9900	9200
Fiat	5890	5620	5785	5400
Generali Assic	38000	37100	37600	36350
IMI	15850	15410	15570	15150
INA	2645	2440	2640	2370
Italgas	5990	5735	5980	5600
Mediaset	7990	7690	7990	7500
Mediobanca	12300	12055	12155	11615
Montedison	1378	1348	1374	1311
Olivetti	1049	1015	1048	993
Parmalat	2520	2415	2485	2370
Pirelli	4700	4380	4475	4495
RAS	15040	14695	14930	14590
Rolo Banca	23800	22550	22900	22350
S Paolo Torino	12950	12350	12705	12100
Telecom Italia	10940	10600	10825	10410
TIM	6550	6315	6415	6345

Montreal
Industrials index: 3286.76 — Previous: 3288.57

	High	Low	Close	Prev.
Bce Mob Com	45	44½	44½	44.95
Cdn Tire A	28.60	28⅛	28¾	28.40
Cdn Util A	39¾	39½	39¾	39½
CT Finl Svc	45¾	45¾	45¾	45½
Gaz Metro	18.60	18.20	18½	18.20
Gt-West Lifeco	33	32⅞	32.80	32½
Imasco	45.20	44.60	44.90	44¼
Investors Grp	43½	43	43	43
Loblaw Cos	20.40	20.40	20.40	18.80
Natl Bk Canada	19.90	19.40	19.85	19.30
Power Corp	42.90	42	42.10	41.30
Power Finl	43¾	41¾	42	41
Quebecor B	30	29	29.10	28
Rogers Comm B	8.95	8.35	8.95	8.95
Royal Bk Cda	75.90	74.45	75	73.70

Oslo
OBX index: 716.66 — Previous: 682.43

	High	Low	Close	Prev.
Aker A	134	129.50	134	130
Bergesen Dy A	212	206	212	202
Christiania Bk	28	26.50	28	26
Den norske Bk	32.70	30.50	32.50	29
Elkem	113	107	113	103
Hafslund A	43	42	43	40
Kvaerner Asa	382	365	370	356
Norsk Hydro	405	400	405	387
Norske Skog A	238	234	234	230
Nycomed A	183	181.50	181.50	184
Orkla Asa A	662	630	662	605
Petm GeoSvc	490	480	489	465
Saga Petm A	145	142	143	140
Schibsted	134	129	134	129
Transocean Off	375	375	375	360
Storebrand Asa	54	52	53	53

Paris
CAC-40: 2818.00 — Previous: 2651.33

	High	Low	Close	Prev.
Accor	1097	1036	1097	985
AGF	303.60	299.50	302.50	296
Air Liquide	922	895	902	866
Alcatel Alsth	718	677	715	653
Axa-UAP	397.80	390	395.50	387
Bancaire	760	715	760	710
BIC	407.80	390	405	373.50
BNP	274.90	260.80	273	250.40
Canal Plus	1049	1004	1022	1010
Carrefour	3278	3150	3272	3000
Casino	318	310	318	300.50
CCF	346	327.10	340	325
Cetelem	656	635	640	610
Christian Dior	647	621	641	598
CLF-Dexia Fran	590	556	587	543
Credit Agricole	1311	1311	1311	1311
Danone	908	872	900	845
Elf-Aquitaine	730	693	730	677
Eridania BS	838	800	832	770
Eurodisney	7.95	7.60	7.60	7.40
Eurotunnel	5.95	5.70	5.70	5.55
France Telecom	209	203.90	209	197.60
Gen. Eaux	682	641	660	648
Havas	400.90	385	388.80	378.40
Imetal	652	617	630	612
Lafarge	387	370	383	359
Legrand	1159	1107	1146	1160
L'Oreal	2157	2042	2155	1992
LVMH	1025	984	1024	950
Michelin B	322.80	310	315.40	304.50
Paribas A	433	410	432	419.90
Pernod Ricard	282	260	278.70	257.10
Peugeot Cit	702	676	677	673
Pinault-Print	2779	2610	2737	2500
Promodes	1958	1845	1909	1800
Renault	172.50	160	172.50	164.80
Rexel	1599	1501	1599	1445
Rh-Poulenc A	245	236.10	242.20	229
Sanofi	548	498	531	479
Schneider	330	316	320	310
SEB	710	655	690	677
SGS Thomson	430	405	420	404
Ste Generale	829	785	820	781
Sodexho	3089	2928	2999	2859
St Gobain	870	820	865	801
Suez (Cie)	14.60	14.60	14.60	12.40
Suez Lyon Eaux	625	576	625	567
Synthelabo	670	649	664	620
Thomson CSF	163	156.50	161.50	158
Total B	654	620	650	614
Usinor	102	92.70	96.75	98.50
Valeo	410	392	410	375

São Paulo
Bovespa index: 9614.00 — Previous: 10447.32

	High	Low	Close	Prev.
Bradesco Pfd	10.75	9.50	9.50	10.30
Brahma Pfd	730.00	710.00	710.00	710.00
Cemig Pfd	53.70	48.50	49.00	51.98
CESP Pfd	94.00	82.50	83.02	89.90
Copel	17.00	14.80	14.80	14.85
Eletrobras	540.00	460.00	470.01	520.00
Itaubanco Pfd	595.00	542.00	554.99	560.00
Light Servicos	431.15	410.00	410.00	420.00
Lightpar	370.00	349.99	349.99	370.00
Petrobras Pfd	277.00	237.00	240.00	255.01
Paulista Luz	180.00	167.00	170.00	165.00
Sid Nacional	39.50	37.90	39.50	40.00
Souza Cruz	9.70	9.60	9.70	9.60
Telebras Pfd	130.01	112.50	115.00	127.00
Telemig	162.00	150.00	153.00	155.00
Telerj	140.00	115.01	115.01	132.00
Telesp Pfd	370.01	320.00	320.01	350.00
Unibanco	36.00	34.50	35.00	34.50
Usiminas Pfd	10.19	8.50	8.50	9.80
CVRD Pfd	24.50	21.00	21.50	22.80

Seoul
Composite index: 506.64 — Previous: 495.28

	High	Low	Close	Prev.
Dacom	55100	49700	53500	53400
Daewoo Heavy	5410	5110	5410	5010
Hyundai Eng.	15100	13700	14800	14000
Kia Motors	8570	8570	8570	7940
Korea El Pwr	16700	15200	16000	15500
Korea Exch Bk	4620	4300	4600	4280
LG Semicon	19600	17300	18600	18700
Pohang Iron St	47900	43500	46800	44400
Samsung Display	35400	31000	32700	32800
Samsung Elec	47500	41000	43300	44200
Shinhan Bank	7650	7080	7450	7090
SK Telecom	358000	315000	328500	331500

Singapore
Straits Times: 1541.39 — Previous: 1497.03

	High	Low	Close	Prev.
Asia Pac Brew	4.80	4.58	4.58	4.58
Cerebos Pac	4.30	4	4	4.10
City Devts	7.15	6.45	6.80	6.45
Cycle Carriage	7.25	6.60	6.60	6.50
Dairy Farm Int*	0.85	0.82	0.83	0.81
DBS foreign	13.40	12.10	13.30	11.10
DBS Land	2.76	2.64	2.73	2.54
Fraser & Neave	7.55	7.20	7.55	6.90
HK Land*	2.36	2.15	2.28	1.98
Jard Matheson*	6.25	5.80	6.25	5.55
Jard Strategic*	3.24	3.10	3.18	3
Keppel A	4.92	4.52	4.64	4.44
Keppel Bank	2.75	2.42	2.45	2.45
Keppel Fels	4.26	4	4.16	3.96
Keppel Land	2.34	2.09	2.18	2.18
OCBC foreign	8.90	8.50	8.70	8.05
OS Union Bk F	5.50	5.15	5.20	5.15
Parkway Hdgs	4.34	4	4	3.92
Sembawang	5.15	4.58	4.64	4.68
Sing Air foreign	11	10.40	10.90	9.95
Sing Land	4.62	4	4.06	4.04
Sing Press F	21.70	19	21.70	17.78
Sing Tech Ind	2.17	2.04	2.05	1.94
Sing Telecomm	2.44	2.38	2.41	2.32
Tat Lee Bank	2.38	2.26	2.27	2.26
Utd Industrial	0.79	0.68	0.69	0.72
Utd OSea Bk F	9.10	8.40	8.55	8.10
Wing Tai Hdgs	2.17	1.94	1.97	1.98

*: in U.S. dollars.

Stockholm
SX 16 index: 3228.97 — Previous: 3014.52

	High	Low	Close	Prev.
AGA B	107.50	99	103	104.50
ABB A	90	85	90	82
AssiDoman	238	220	223	208
Astra A	125	119	122	116.50
Atlas Copco A	227	217	223	215
Autoliv	303	291	303	283
Electrolux B	632	560	632	530
Ericsson B	345	336	345	320
Hennes B	305	290	304.50	280
Incentive A	679	650	669	635
Investor B	365	355	364	344
MoDo B	229	216	218	205
Nordbanken	242	225	240	220
Pharm/Upjohn	250	235	242	233
Sandvik B	247	230	239	228.50
Scania B	198	185	198	183
SCA B	172	160	170	158.50
S-E Banken A	84	80	81.50	79.50
Skandia Fors	354	325.50	351.50	317
Skanska B	303	274	299	275
SKF B	196	180	180.50	183
Sparbanken A	179.50	170	179	170
Stora A	113	107	108.50	104
Sv Handels A	236	222	235.50	218.50
Volvo B	205	189.50	204.50	193

Sydney
All Ordinaries: 2443.00 — Previous: 2299.20

	High	Low	Close	Prev.
Amcor	7.49	6.55	6.60	6.68
ANZ Bkg	10.15	9.06	9.96	9.09
BHP	15.89	13.90	13.97	13.80
Boral	3.89	3.60	3.85	3.50
Brambles Ind.	26.50	25.25	25.90	24.50
CBA	16.47	15.07	16.05	14.90
CC Amatil	11.85	10.85	11.50	10.25
Coles Myer	7.10	6.61	6.82	6.30
Comalco	5.70	5.50	5.60	5
CSR	4.95	4.59	4.93	4.31
Fosters Brew	2.79	2.59	2.70	2.59
Goodman Fld	2.22	2.10	2.15	2
ICI Australia	11.50	10.73	11	10.72
Lend Lease	29.50	28.20	28.80	26.95
MIM Hdgs	1.48	1.24	1.27	1.21
Nat Aust Bank	20.51	19.25	19.64	18.85
Nat Mutual Hdg	2.48	2.22	2.30	2.32
News Corp	6.55	6.40	6.50	6.20
Pacific Dunlop	3.35	3.16	3.19	3
Pioneer Intl	4	3.60	3.66	3.54
Pub Broadcast	8.25	7.88	8	7.70
Rio Tinto	17.29	16.80	16.80	16.05
St George Bank	8.50	7.97	8.25	7.96
WMC	5.80	5.14	5.16	4.90
Westpac Bkg	8.50	7.91	8	7.75
Woodside Pet	11.84	11.30	11.50	11.02
Woolworths	4.72	4.27	4.60	4.10

Taipei
Stock Market index: 7089.56 — Previous: 7218.01

	High	Low	Close	Prev.
Cathay Life Ins	133	129	129	125
Chang Hwa Bk	98	93	93	93
Chiao Tung Bk	68	65	68	64.50
China Develpmt	88	82	82	84.50
China Steel	24.10	23.60	23.60	23.40
First Bank	98.50	93.50	93.50	93.50
Formosa Plastic	49.90	48.50	48.60	48.20
Hua Nan Bk	104	99	99	98.50
Intl Comm Bk	54.50	53	53	52
Nan Ya Plastics	51.50	49.10	49.10	49.80
Shin Kong Life	82	80	80	77.50
Taiwan Semi	111	100.50	100.50	108
Tatung	30.90	30	30.20	29.70
Utd Micro Elec	66.50	60	60	64.50
Utd World Chin	56	54.50	55	54

Tokyo
Nikkei 225: 16857.84 — Previous: 16312.69

	High	Low	Close	Prev.
Ajinomoto	1120	1020	1050	1090
All Nippon Air	607	595	605	595
Amway	3320	3240	3240	3130
Asahi Bank	645	622	638	640
Asahi Chem	560	535	553	539
Asahi Glass	858	830	850	821
Bk Tokyo Mitsu	1650	1590	1610	1470
Bk Yokohama	520	505	515	510
Bridgestone	2850	2670	2700	2700
Canon	3120	3040	3110	2950
Chubu Elec	2040	2010	2020	2000
Chugoku Elec	1970	1940	1970	1930
Dai Nipp Print	2420	2370	2380	2330
Daiei	575	560	568	525
Dai-Ichi Kang	1060	1040	1060	962
Daiwa Bank	448	435	441	445
Daiwa House	1210	1180	1190	1160
Daiwa Sec	755	724	747	682
DDI	4600a	3900a	4020a	4400a
Denso	2780	2700	2750	2570
East Japan Ry	5850a	5770a	5830a	5660a
Eisai	1910	1840	1900	1870
Fanuc	4950	4850	4900	4970
Fuji Bank	1130	1090	1100	1060
Fuji Photo	4710	4510	4590	4570
Fujitsu	1380	1350	1360	1310
Hachijuni Bk	1170	1140	1160	1130
Hitachi	1010	986	991	954
Honda Motor	4170	4100	4140	4000
IBJ	1340	1260	1270	1170
IHI	294	280	290	277
Itochu	437	427	437	413
Ito-Yokado	6150	6030	6140	6130
JAL	414	408	414	402
Japan Tobacco	9940a	9770a	9850a	9770a
Jusco	2810	2730	2750	2750
Kajima	577	565	570	560
Kansai Elec	2130	2100	2120	2090
Kao	1730	1690	1690	1640
Kawasaki Hvy	324	315	320	310
Kawa Steel	229	220	227	215
Kinki Nipp Ry	674	666	670	660
Kirin Brewery	1060	1030	1050	1030
Kobe Steel	147	141	146	140
Komatsu	685	660	675	650
Kubota	469	445	467	448
Kyocera	7550	7350	7380	7280
Kyushu Elec	2020	1950	1960	1960
LTCB	458	443	452	440
Marubeni	388	373	386	367
Marui	2080	2020	2040	2040
Matsu Comm	4360	4240	4360	4150
Matsu Elec Ind	2150	2080	2090	2080
Matsu Elec Wk	1140	1130	1120	1090
Mitsubishi	1090	1000	1050	1060
Mitsubishi Ch	279	270	270	267
Mitsubishi El	438	424	427	424
Mitsubishi Est	1480	1430	1460	1520
Mitsubishi Hvy	663	645	654	635
Mitsubishi Mat	554	536	550	530
Mitsubishi Tr	1590	1470	1540	1560
Mitsui	956	933	955	940
Mitsui Fudosn	1380	1330	1380	1340
Mitsui Trust	428	415	416	430
Murata Mfg	4810	4790	4810	4790
NEC	1410	1370	1370	1340
Nikon	1500	1470	1470	1400
Nikko Sec	465	457	464	422
Nintendo	11400	11100	11300	10100
Nipp Express	700	670	678	690
Nippon Oil	505	485	497	495
Nippon Steel	267	256	256	252
Nissan Motor	642	631	632	612
NKK	183	176	179	176
Nomura Sec	1480	1440	1460	1490
NTT	1060b	1040b	1050b	1020b
NTT Data	6000b	5910b	5920b	5670b
Oji Paper	613	592	600	586
Osaka Gas	282	271	281	270
Ricoh	1650	1590	1630	1490
Rohm	12400	12400	12400	11200
Sakura Bk	503	480	480	461
Sankyo	4060	3880	3940	4220
Sanwa Bank	1270	1200	1250	1240
Sanyo Elec	415	405	413	400
Secom	7980	7890	7970	7950
Seibu Rwy	4840	4700	4820	4680
Sekisui Chem	927	909	927	899
Sekisui House	1010	995	1010	977
Seven-Eleven	9070	8900	9070	8690
Sharp	980	956	970	978
Shikoku El Pwr	2000	1930	1960	1910
Shimizu	565	550	560	541
Shin-etsu Ch	2980	2900	2930	2990
Shiseido	1650	1620	1630	1560
Shizuoka Bk	1260	1220	1240	1230
Softbank	3850	3630	3710	3510
Sony	10200	10000	10100	10300
Sumitomo	908	868	899	883
Sumitomo Bk	1390	1340	1380	1430
Sumit Chem	431	418	430	418
Sumitomo Elec	1670	1630	1640	1620
Sumit Metal	280	269	269	276
Sumit Trust	980	953	976	954
Taisho Pharm	3290	3230	3270	3250
Takeda Chem	3480	3350	3380	3290
TDK	10300	10100	10300	9760
Tohoku El Pwr	2010	1960	2000	1950
Tokai Bank	763	739	746	719
Tokio Marine	1270	1230	1260	1210
Tokyo El Pwr	2320	2280	2300	2270
Tokyo Electron	6690	6530	6590	6030
Tokyo Gas	290	278	283	277
Tokyu Corp.	513	493	493	503
Tonen	920	905	915	879
Toppan Print	1540	1510	1520	1490
Toray Ind	685	671	680	708
Toshiba	571	558	570	545
Tostem	1760	1730	1740	1750
Toyo Trust	920	887	910	909
Toyota Motor	3620	3520	3570	3460
Yamanouchi	3000	2950	2950	2890

a: x 100; b: x 1,000

Toronto
TSE Industrials: 6827.63 — Previous: 6736.21

	High	Low	Close	Prev.
Abitibi Cons.	21.40	20.20	20¾	19.90
Alberta Energy	33.40	32½	33.30	32½
Alcan Alum	42½	41.05	41.30	40.30
Anderson Expl	15¾	15½	15½	15¾
Bk Montreal	60¾	59⅛	59.70	58.80
Bk Nova Scotia	65.40	64	64⅞	63.40
Barrick Gold	29.20	27.85	28.05	29.10
BCE	40.45	39.60	39¾	39.35
BC Telecomm	37⅛	36⅛	36⅛	36¼
Biochem Pharm	35.65	35.60	35.60	34.15
Bombardier B	27.60	26.95	27.10	26.85
Cameco	53⅞	52	53.05	51⅞
CIBC	41.05	39½	40	39¾
Cdn Natl Rail	77	75⅞	75.70	76
Cdn Nat Res	40½	39½	40	40
Cdn Occid Pet	37½	36½	37.20	36½
Cdn Pacific	41.90	41⅛	41.40	41⅛
Cominco	28	27.40	27.70	27½
Dofasco	25⅞	25⅛	25.30	25.65
Domtar	11.70	10.95	11.40	10.80
Donohue A	29⅛	29⅛	29⅛	29
Du Pont Cda A	34⅞	34⅛	34⅛	34⅛
EdperBrascan	25⅛	24⅞	24.80	24.20
EuroNev Mng	22⅛	20⅞	22	20⅞
Fairfax Finl	350	340	349	340
Falconbridge	21.80	21	21.60	20⅞
Fletcher Chall A	22	21½	21.55	21.95
Franco Nevada	34⅞	32.05	32⅛	32
Gulf Cda Res	12.15	11⅛	11.85	11.45
Imperial Oil	86.30	84	86	84⅞
Inco	29.80	28.90	29	29
IPL Energy	54	52½	53⅞	53.65
Laidlaw B	20.40	19.90	20	19.95
Loewen Group	35.20	34	34.95	33.95
Macmill Bldl	18.40	18	18	17.70
Magna Intl A	95½	92.20	94.05	91.90
Methanex	12.45	12.05	12.35	12
Moore	24.05	23½	23.80	23.45
Newbridge Net	76.70	73¼	73.85	74.55
Noranda Inc	25	24½	24.85	23.90
Norcen Energy	32.30	32.10	32.10	31¼
Nthern Telecom	130	125	126½	127
Nova	13	12.05	12.55	11.40
Onex	36¾	36	36	36
Pancan Petlm	24.35	24	24	23¾
Petro Cda	27½	26.65	27.10	26.40
Placer Dome	21.90	20.80	21	21.65
Poco Petlm	13½	13	13¼	13
Potash Sask	116.40	112	115.90	111
Renaissance	33.30	32½	33.15	32⅛
Rio Algom	27	26.70	26.90	26⅛
Rogers Cantel B	23¼	22	23¼	21½
Seagram Co	49¼	47⅛	48.55	47.70
Shell Cda A	27.80	27.30	27.40	27½
Suncor	49.45	48.60	48.90	47.60
Talisman Eny	50⅛	48.20	49.30	47⅛
Teck B	25	24	24¼	24⅛
Teleglobe	47½	46½	47	46.35
Telus	28.30	27⅛	27⅛	27.90
Thomson	34⅛	33⅞	34.30	33.20
TorDom Bank	51⅛	49⅞	50.10	49
Transalta	19.20	18.85	19.15	18.70
TransCda Pipe	26⅞	26⅛	26.40	25.90
Trimark Finl	74	70½	71⅞	70½
Trizec Hahn	35½	35.05	35.10	35
TVX Gold	6.55	6.20	6¼	6.20
Westcoast Eny	29½	28.90	29.05	28.65
Weston	98	94	96¼	92

Vienna
ATX index: 1304.28 — Previous: 1237.42

	High	Low	Close	Prev.
Boehler-Uddeh	925	875	886	850
Creditanst Pfd	705.70	678.20	702	649
EA-Generali	2960	2888	2921.45	2790
EVN	1390	1309	1361.50	1254
Flughafen Wien	501	492	498.50	480.90
OMV	1783	1713.50	1731	1649
Oest Elektriz	946.65	920	940	900
VA Stahl	550	527	527.05	500.50
VA Tech	2258	2140	2150	2094
Wienerberg Bau	2409	2369.60	2401	2320

Wellington
NZSE-40 index: 2374.88 — Previous: 2362.81

	High	Low	Close	Prev.
Air NZeald B	3.65	3.50	3.60	3.25
Brierly Invt	1.25	1.19	1.23	1.14
Carter Holt ord	3.01	2.85	2.97	2.53
Fletch Ch Bldg	4.85	4.61	4.84	4.35
Fletch Ch Eny	7.25	7.00	7.25	6.35
Fletch Ch Forst	1.70	1.58	1.53	1.35
Fletch Ch Paper	2.79	2.65	2.70	2.41
Lion Nathan	3.77	3.75	3.77	3.40
Telecom NZ	7.85	7.62	7.65	6.92
Wilson Horton	11.30	11.20	11.30	10.80

Zurich
SPI index: 3480.21 — Previous: 3364.20

	High	Low	Close	Prev.
ABB B	1774	1731	1740	1680
Adecco B	520	490	495	505
Alusuisse R	1284	1258	1265	1241
Ares-Serono B	2580	2430	2510	2370
Alei R	840	825	825	825
Baer Hdg B	2100	2040	2060	2000
Baloise Hdg R	2490	2305	2410	2350
BK Vision	1150	1120	1148	1080
Ciba Spec Chem	143.50	139.50	142.25	138.25
Clariant R	1100	1082	1099	1030
Crd Suisse Gp R	203	191.50	200.50	186.50
Elektrowatt B	537	534	537	536
Ems-Chemie	6900	6630	6800	6695
ESEC Hdg	4099	3810	3940	3800
Holderbank B	1198	1160	1198	1125
Liechtenst LB B	535	530	535	524
Nestle R	2000	1953	1980	1980
Novartis R	2209	2151	2197	2070
Oerlikn Buehr R	181	173	178.50	173
Pargesa Hld B	1790	1750	1750	1720
PharmVisn B	850	815	840	805
Richemont A	1650	1550	1600	1450
Pirelli PC	317	309	312	307
Roche Hdg PC	12490	11965	12370	12330
SBC R	374.50	367	371	356.50
Schindler PC	1650	1540	1540	1590
SGS B	2740	2590	2685	2560
SMH B	794	761	794	735
Sulzer R	1029	999	999	990
Swiss Reins R	2107	2075	2095	2039
SAir Group R	1900	1810	1885	1910
UBS B	1597	1540	1591	1506
Winterthur R	1455	1400	1420	1330
Zurich Assur R	594	580	590	560

The Trib Index

Prices as of 3:00 P.M. New York time

Jan. 1, 1992 = 100.	Level	Change	% change	year to date % change
World Index	166.25	+5.01	+3.11	+11.47
Regional Indexes				
Asia/Pacific	102.77	+5.24	+5.37	-16.74
Europe	185.85	+8.16	+4.59	+15.29
N. America	201.11	+1.62	+0.81	+24.21
S. America	145.73	-0.91	-0.62	+27.35
Industrial Indexes				
Capital goods	209.88	+2.56	+1.23	+22.79
Consumer goods	194.50	+9.86	+5.34	+20.49
Energy	197.53	+7.09	+3.72	+15.71
Finance	118.92	+5.24	+4.61	+2.11
Miscellaneous	164.76	+14.87	+9.92	+1.84
Raw Materials	169.06	+8.03	+4.99	-3.60
Service	161.07	+4.50	+2.87	+17.30
Utilities	157.59	+1.10	+0.70	+9.85

The International Herald Tribune World Stock Index © tracks the U.S. dollar values of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Compiled by Bloomberg News.

NASDAQ

Wednesday's 4 P.M.

The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.

The Associated Press.

NYSE

Wednesday's 4 P.M. Close

(Continued)

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ASIA/PACIFIC

Turmoil Exposes Vulnerability of Asia's Banks

By Sandra Sugawara
Washington Post Service

TOKYO — There was cheering. There was relief, as the Tokyo stock market climbed 3.34 percent and Hong Kong's market surged 13.82 percent Wednesday on the back of Wall Street's rise. But analysts here warned: It's not yet time to break out the champagne.

The stock market turmoil that swept through Asia and then rolled through other global markets has exposed a far more serious problem here then just falling stock prices. It focused the spotlight on the massive array of sick Asian banks and on banking systems ill-equipped to quickly clean up the dangerously tottering mess.

Asia's towering office buildings, massive bridges, posh golf courses and new factories that for years have been touted as symbols of success from Seoul to Kuala Lumpur and Bangkok have instead, in many cases, turned out to be glitzy symbols of Asian banking systems run amok.

Even before the recent market tumult, Asian banking systems from Japan to Thailand were buckling under the weight of hundreds of billions of dollars in bad debt. Now rapidly falling currencies and high interest rates are threatening to bring down the sky-high prices of property in Hong Kong and other countries, which analysts fear could spark a new round of defaults, burdening the region's already fragile banking sectors.

A banking crisis is unsettling for any country. But in Asia the grip of the banking sectors on the local economies is deeper and stronger than in many Western countries that have well-developed debt capital markets. Asian countries do not, thus banks are the main engine of credit creation, according to Roy Ramos, Hong Kong-based regional banking analyst for Goldman, Sachs & Co. With few

NEWS ANALYSIS

alternatives, such as bonds or mutual funds, most Asians put their money in banks.

Unfortunately, in many Asian countries these considerable savings were thrown at unproductive projects. The spending spree was designed to fulfill grandiose dreams of leaders in some countries, such as South Korea, Malaysia and Indonesia, who wanted to transform their countries into industrial powerhouses in steel, chemical, automobiles, and semiconductors. In other countries, such as Japan, South Korea and Thailand, banks were expected to fund operations of companies in their groups and to continue to support those companies during tough times.

During the go-go years of the 1980s and 1990s, these systems enabled smaller countries to funnel capital into key industries that Western banks might never have funded if they were using American-style profit and cash-flow analysis. This kind of relationship banking gave rise to South Korea's *chaebols*, Japan's *keiretsu*, and the massive conglomerates run by tycoons in Thailand, Malaysia and Indonesia. At institutions dominated by overseas Chinese families, relationship banking enabled quick loan decisions and fast investment action, winning praise from many Western analysts over the years.

But globalization and the flow of international capital changed the rules. So, too, did the decisions of bureaucrats across the region to funnel their money into the same highly cyclical industries — such as consumer electronics — which ultimately made the region collectively, and thus more intensely, vulnerable to any downturn. Meanwhile, entrepreneurs with few connections and no grandiose plans, the source of much job creation in industrial countries such as the United States, found it difficult to get loans.

With politicians, bureaucrats and the business elite controlling the banking system, there was little push for tough regulatory oversight. Banks not only failed to properly evaluate the risk of loans, they made inadequate provisions to set aside enough money to cover potential defaults.

Japan's banking crisis erupted when the bubble burst in 1990, sending property values plummeting and bad loans soaring. Schroders Securities estimates that, seven years later, Japan's leading 20 banks still have at least $356 billion in bad debt. Japan's smaller banks and financial institutions are even more worrisome, some analysts say.

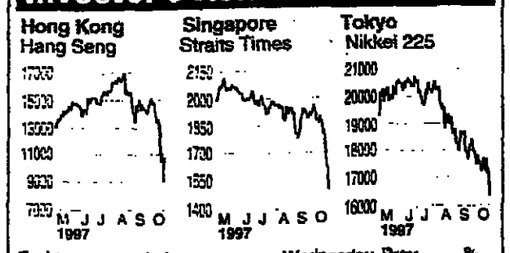
Along with a sharp drop in the Nikkei stock index, this week brought the added threat of an Asian-wide collapse in the value of property and other assets, something that would trigger another round of defaults. Japanese banks aggressively expanded into Asia in the 1990s, because business in Japan had slowed. When the currency and stock market turmoil seemed contained in Southeast Asia, analysts largely shrugged off the risk Japanese banks faced to problem loans in this region, saying they were minimal compared with domestic problems.

But when it started to spread to Hong Kong, South Korea, Taiwan and even China, that's when things changed, said Mineko Sasaki-Smith, a Tokyo-based economist with Credit Suisse First Boston Securities.

Investor anxieties were fueled by the fact that Japanese banks will not disclose details of their Asian loan operations.

"What we are seeing is the bursting of the so-called overinvestment in assets bubble," said Ms. Sasaki-Smith. "We are seeing the beginning of this, and this is not the end. It's safe to assume there is going to be asset deflation."

Investor's Asia



Exchange	Index	Wednesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	10,765.30	9,459.89	+13.82
Singapore	Straits Times	1,541.39	1,497.03	+2.96
Sydney	All Ordinaries	2,443.00	2,299.20	+6.25
Tokyo	Nikkei 225	16,857.04	16,312.69	+3.34
Kuala Lumpur	Composite	662.48	647.32	+2.34
Bangkok	SET	457.16	460.80	-0.79
Seoul	Composite Index	506.64	495.28	+2.29
Taipei	Stock Market Index	7,089.56	7,210.01	-1.67
Manila	PSE	1,814.15	1,740.18	+4.25
Jakarta	Composite Index	472.05	448.00	+5.37
Wellington	NZSE-40	2,376.88	2,162.01	+9.94
Bombay	Sensitive Index	Closed	3,934.33	-

Source Telekurs — International Herald Tribune

Very briefly:

• Sydney's stock exchange had to call an unprecedented early halt to trading because its computer system was overwhelmed by the market's largest-ever gain. The benchmark index rose 143.8 points, or 6.3 percent, to 2,443, before trading was cut short 30 minutes early. The gain almost erased a 7.2 percent fall Tuesday.

• Singapore's high court dismissed a software-privacy suit brought by the Business Software Alliance, a U.S. industry group, against SM Summit Holdings Ltd., a Singapore maker of audio tapes and CD-ROMs.

• South Korea and the European Union signed an agreement that would open the country's market for telecommunications equipment to European suppliers.

• Shell Cos. in Thailand, a unit of Royal Dutch/Shell Group, could be forced to cut its investment in the Thai retail oil market by half because of the country's economic downturn, the company's chairman said.

• Commerzbank AG is seeking a seat on the Tokyo Stock Exchange to help expand its equities business in Japan, an executive of the bank's local securities unit said.

• Emerson Electric Co. of the United States, the world's largest maker of air-conditioners and refrigerator compressors, will spend $180 million to build a plant in China in its largest Asian investment.

• Japan's Ministry of International Trade and Industry declined to forecast industrial output for the current quarter, in what economists said was a signal the government was becoming cautious about projecting economic trends.

• Taiwan's investment in China rose 14 percent in the first nine months of 1997, to $1.09 billion, despite Taipei's go-slow investment policy toward the mainland, Taiwan's Investment Commission said.

• Southeast Asia faces the likelihood of sharply increased inflation, John Greenwood, chief international economist at Chancellor LGT Asset Management in San Francisco, said.

Bloomberg, Reuters

Ending Standoff, Kia's Chairman Quits

Resignation Eases Crisis at Bankrupt Group and Lifts Korean Markets

Compiled by Our Staff From Dispatches

SEOUL — The chairman of Kia Group resigned Wednesday and apologized to South Korea for the trouble he had caused, ending a three-month standoff with the government and creditors who had demanded he step down.

But Kim Sun Hong said Kia still opposed the government's decision to seek court receivership for the conglomerate's two flagship automakers, Kia Motors Corp. and Asia Motors Co.

In July, Kia became the fifth Korean industrial group to collapse this year. The financial fallout over how to deal with the conglomerate's $10 billion of debt has weighed heavily on stock, bond and currency markets.

Korea's benchmark stock index rose 2.29 percent, to 506.64, on Wednesday, partly in anticipation that Mr. Kim's resignation would help resolve the Kia crisis.

"I profoundly apologize for causing big trouble to the government, the people and Kia families," Mr. Kim said. But, he added that he believed that "receivership is inappropriate for a carmaker whose stage is the world."

Last week, Korea Development Bank, which represents nine creditor banks, filed an application for court receivership for Kia Motors and Asia Motors. The court has not acted on the filing or Kia's application for protection.

The creditors' move came after the government said it would seek receivership for Kia Motors and then make state-run Korea Development Bank its largest shareholder. It said Asia Motors would be sold to a third party.

Kia workers went on strike on Oct. 22, arguing that the government move was a plot to dismiss Mr. Kim and hand over the company to a third party such as Samsung Group, Korea's second-largest business group.

Mr. Kim urged workers to return to the production line, but a labor union said it had no plans to end its strike until the government provided assurances that a third-party takeover of Kia Motors would not occur.

Kia's management has insisted on special court protection that would allow the company to reschedule its debts under current management.

The Korea Development Bank had no comment on Mr. Kim's resignation. But a spokesman restated that creditors would supply 450 billion won ($470.1 million) that Kia had requested after an administrator was named.

Mr. Kim, 65, joined Kia in 1958, when the company made bicycles. He is considered to be well-liked by workers at Kia, but other corporate leaders in Korea painted him as a reckless gambler whose mismanagement poses a threat to the Korean economy.

While most of Korea's conglomerates are run by the families that founded them, Kia is the only major *chaebol*, or conglomerate, run by professional managers. Kia's founders donated their stakes to the employees and others in the early 1980s, leaving no major family shareholders. Kia Motors, the group's flagship unit, is now 20-percent owned by foreign partners, notably Ford Motor Co., 14 percent by employees and 23 percent by institutional investors. *(Reuters, Bloomberg)*

Yun Suk Hong/Reuters

Kim Sun Hong, resigning at Kia Group.

EU Authorizes Vietnam to Step Up Textile Shipments by 30% Next Year

Bloomberg News

HANOI — Vietnam will be able to increase its textile exports to the European Union by about 30 percent next year under an agreement with the European Commission, commission officials said Wednesday.

Although the 15-nation EU will leave its quota for Vietnamese textile exports unchanged, it will apply its export restrictions to fewer categories as of January, said Enrico Grillo Pasquarelli, chief negotiator for the commission.

The agreement will come as welcome relief to the Vietnamese government, which has seen its export competitiveness threatened by currency devaluations in other countries in its region.

Separately, U.S. officials said they feared Vietnam may violate terms of the first economic treaty signed by the two former enemies, saying there was "no evidence" Vietnam was taking steps to ratify an agreement on intellectual property rights that was signed in June.

Joe Damond of the U.S trade representative's office is in Vietnam and may meet with officials Friday to determine what progress has been made toward ratification.

INDONESIA: *IMF Support*

Continued from Page 13

have to cover the foreign exchange needs of Indonesian companies that have run up debts of at least $61 billion, more than half of which has to be repaid or rolled over in the next 12 months.

The credits approved by the IMF also would be needed to bolster confidence in Indonesia if politically painful reforms, such as phasing out government subsidies, closing some mismanaged banks and cleaning up the banking system, are to be carried out.

After talks in Jakarta on Wednesday, Prime Minister John Howard of Australia said he had indicated to Mr. Suharto that Australia would provide loans "subject to Indonesia meeting conditions laid down by the IMF."

He added that any Australian money would have to be "part of a package or arrangement that was supervised by the IMF."

Neither Mr. Hashimoto nor Mr. Howard mentioned any specific figure, but both governments made significant contributions to the $17.2 billion international loan package the IMF arranged for Thailand in August.

The United States made no direct contribution to that package, prompting a senior Thai official to accuse the Clinton administration of showing "benign neglect" toward the Asia-Pacific financial crisis.

In an interview Wednesday in Singapore's The Straits Times, Kobsak Chutikul, director-general of the Department of Economic Affairs in Thailand's Foreign Ministry, said the United States, as the world's largest economy, had the financial power to help restore calm.

"Instead, the U.S. adopted a policy of benign neglect," he was quoted as saying. "And their silence was deafening."

Explaining the importance of stabilizing the Indonesian economy, the largest in Southeast Asia, Mr. Hashimoto said the focus of the financial markets had shifted from the Thai baht, whose July 2 float triggered Asia-wide turmoil in currency and stocks, to the Indonesian rupiah.

"We have to settle these problems one by one; this is very important," he said. "Without stabilizing Asian currencies, the current confusion in financial markets will not end."

In Washington on Tuesday, the IMF's first deputy managing director, Stanley Fischer, said the fund was close to sealing a loan arrangement with Indonesia, the latest of the Asian "tiger" economies after Thailand and the Philippines to turn to it for help.

"We stand ready to do our duty, which is to stabilize economies that may need financial assistance, provided they are willing to undertake appropriately ambitious economic reform and adjustment programs," he said.

Analysts said Wednesday that in appearing to resist the IMF Mr. Suharto may have been trying to increase his government's leverage in last-minute bargaining with the Fund.

THAILAND: *Appeal to IMF*

Continued from Page 13

than originally planned is now required. "The IMF should recognize the outflow of capital has been bigger than expected and allow for some adjustment on the conditions," the chief economist at a major international bank said.

"But the government needs to show how debt will be repaid. All the government talks about is borrowing, borrowing, borrowing."

Regional economic problems will likely put Thailand in a better bargaining position, a securities analyst said.

"At this point, Thailand has nothing to lose, but if the IMF pulls out, it will lose credibility and perhaps create more problems in the region," the analyst said.

Mr. Surasak said the borrowing would likely take the form of so-called Yankee bonds similar to ones issued shortly before the fall of the baht.

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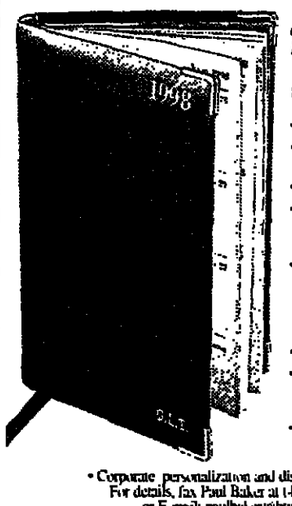

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Private Banking

Amid Crisis, Asians Shift Priorities

Global Diversification Takes on New Appeal

By Thomas Fuller

KUALA LUMPUR — As Asia's developing economies galloped along in recent years, private banks welcomed the region's nouveaux riches with open arms, provided, of course, that they handed over $1 million in cash, a standard minimum investment.

Many of these new customers told private bankers to dispense with the conservative portfolio strategies of Old World money. Markets were booming and 10 percent annual returns seemed a European anachronism.

"Typically, response from our clients three or four years ago would be, in a discussion with a portfolio manager, 'It's not really the sort of thing we're looking for. I can make 30 or 40 percent in Malaysian or Singapore stocks in a couple of weeks,'" said Jeremy McAteer, head of the private banking investment group at Union Bank of Switzerland in Hong Kong.

To meet the demand for higher returns — and higher risk — UBS complemented its global portfolios with more aggressive financial instruments, establishing in late 1995 the Asian Growth Portfolio, centered around the region's equity markets and which had returns three times greater than a standard industry benchmark in 1996.

Then came the Southeast Asian wake-up call.

As stocks tumbled and currencies plunged, investors who had heavy Southeast Asian weightings in their portfolios got burned.

"As this band wagon has rolled over Asian markets, we're finding more and more that people are accepting the argument of diversification," said Mr. McAteer.

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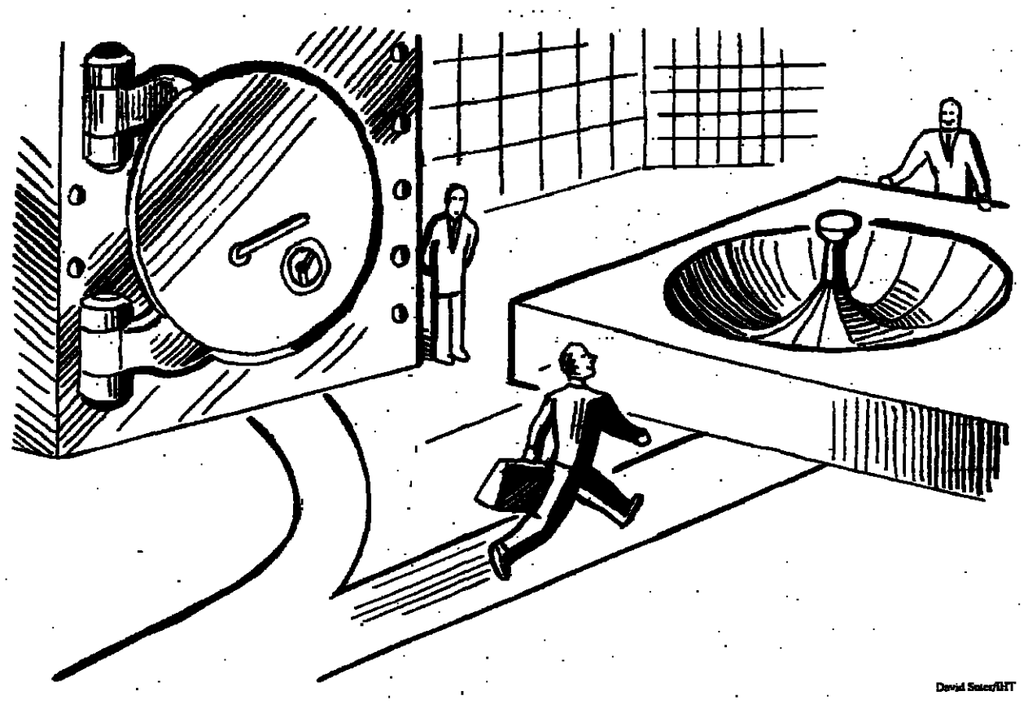

David Sater/IHT

The Cachet of Private Equity Deals

Huge Returns From Fledgling Businesses — but the Risks Are High

By Conrad de Aenlle

LONDON — The rich don't get richer by doing the same things with their money as everybody else. In addition to owning publicly traded stocks, bonds and mutual funds, they can take part in private equity projects: very risky investments in fledgling enterprises that frequently compensate for that risk by providing very high returns.

The extremely high risk makes these the province only of the rich, as do the minimum stakes, which typically are in the millions of dollars. Sometimes more than money is involved: If a buyer purchases a large interest in a company, it may entitle him to a seat on the board and management participation.

Even in a passive investment, through a fund that sprinkles money around a number of companies, the manager might only take investors with some business acumen to help source deals or vet potential additions to the portfolio.

Banks that cater to wealthy individuals are eager to tout their ability to arrange private equity investment, in part because of its exclusivity, which gives it a certain cachet. Also, it is more profitable than other banking services.

Portfolio managers who juggle the assets of the rich among tradable securities are a dime a dozen; banks, brokerages, fund managers, accountants and independent financial consultants all do it, squeezing fees and margins. Banks do not get as rich as they would like by helping their clients do the same things with their money as everybody else.

Their interest in private equity investing, also called venture capital, coincides with growing demand among clients, bankers say.

"It depends very much on the risk profile of the individual concerned," said Stephen Renals, who heads private banking at Dresdner Kleinwort Benson, "but the majority of private banking clients, especially after retirement, tend to be very conservative and risk averse."

Continued on Page 19

A Besieged Industry Battles to Keep Clients

In U.S., Brokers Gaining Upper Hand

By Erik Ipsen

NEW YORK — All is not what it seems in the plush confines of U.S. private banks. Beneath the euphoria shared in recent years by private bankers across America, and beneath all their talk of double-digit annual revenue growth, lies a deeply troubling trend — a steadily eroding market share.

Even worse, the ebb tide comes in a country many see as a trend-setter for the rest of the developed world.

"I think that the brokers are winning the battle and I think that the private bankers now know it," said Michael Maslinski, a London-based banking consultant. Others are even less kind, insisting that private banks have fallen to third place in terms of market share momentum, in a race that now includes fund managers.

James Aiello, a former banking industry consultant and now a marketing strategist at Salomon Brothers, points in particular to the recent success of Fidelity Corp. in signing up the rich. "It scares the socks off of the J. P. Morgans of the world who used to have a lock on that business, and it also scares the likes of Merrill Lynch who are going after that business too," he says.

Observers credit the fund managers with advantages ranging from better portfolio performance to superior marketing and mastery of technology. To make matters worse, those are the same advantages shared to an only slightly lesser degree by the brokers in their endless duels with the private banks.

The banks, though, are not about to cede such a lucrative and fast-growing business as catering to the rich to anyone without a fight. In fact, they may not have to if, as some analysts insist, present disadvantages prove transitory.

For one thing, both fund managers and brokers have benefited immensely from the long bull market in stocks, an asset class widely seen as their natural bailiwick. The severe hammering of equities prices around the world this week may change things, tipping the balance back more in favor of banks, whose product expertise is generally perceived as wider. Crucially, in a world where preservation of capital now suddenly looms a great deal larger as a concern for the wealthy, banks also stand to benefit via their deep-rooted reputation for conservatism and safety.

On the other hand, if equity market turmoil proves short-lived, American banks have covered that bet as well by snapping up brokerages around the country. "With the banks buying brokers the same assets that have been running out their doors for years are now coming back," said Barry Sloane, head of private banking for Credit Suisse in North America. While that sentiment may be premature, in time it could well prove accurate.

Observers note, however, that symptomatic of the banks' current plight, most of the acquirer banks have elected to run their new brokerage houses at arm's length and even to allow them to keep their old names. As long as brokers maintain the winning hand with the rich, that could well prove a marketing advantage.

As it is, though, private bankers insist they have nothing to be ashamed of. When it comes to investment expertise, notes Arjun Mathrani, head of global private banking for Chase Manhattan, big banks are no slouches. He notes that Chase as a whole has $130 billion in client assets under management.

Just as importantly, Mr. Mathrani and many other private bankers point out that managing a client's assets is not even the most important part of their business. At Chase Private Banking, which has 22 private banking branches in North America, asset management accounts for less than half of both its revenues and profits, with lending, custody and trust services all contributing generously to the bottom line as well.

Private banks in North America hope to convince customers that they are the equal of the brokers in terms of in-

Continued on Page 19

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Banks Move to Simplify Operations and Cut Expenses

By Conrad de Aenlle

LONDON — Having a solid brand name is good; having nearly a dozen brand names in the same business at the same company is not so good. Paul Selway Swift discovered this when HSBC Holdings gave him the task of streamlining its private banking operations.

The world's largest bank is expected to have many different lines of business. What this amounted to, though, was many different banks engaged in the same line of business.

Private banking at HSBC was conducted by Samuel Montagu in Britain, Guyerzeller in Switzerland and Trinkaus & Burkhardt in Germany. Other private banking subsidiaries of HSBC were Midland Private Bank International, the British Bank of the Middle East and HSBC Investment Bank Asia. There were also snippets of private client management at Hongkong Bank, Hang Seng Bank and James Capel, HSBC's British investment bank.

"We had a very complex structure and a lot of names," Mr. Selway Swift said. "It was not an easy product to introduce to new clients. When you have so many names, the eyes glaze over. We had to simplify it. Simple structures work best."

And more productively and profitably. The surfeit of entities doing private banking at HSBC was symptomatic of an inefficiency that it and many private banks have been working to eliminate. It is a particular concern now as the field becomes crowded with late arrivals offering private client services and as banks become more eager to boost returns and shareholder value from all their operations.

The three big Swiss banks, Credit Suisse, Union Bank of Switzerland and Swiss Bank Corp., have led in restructuring their private banks, Ian Orton, editor of the newsletter Private Banker International, observed.

"They have better investments and systems, and they have refocused their marketing activities," Mr. Orton said. "They are using their muscle to come up with interesting investment products, and they have woken up to the fact that they can't wait for people to walk in the door. They are also sorting out the back office to make sure they can meet much higher client expectations."

THE Swiss banks, having latched onto the globalization theme made popular by American banks, have also boosted business in various regions through acquisitions, he said. In one of many examples, SBC Warburg bought Standard Chartered Bank's private client interests in Asia and will set up the first private bank in Japan.

A key aim of the restructuring is reducing expenses in what is one of the most labor-intensive banking activities.

"Everyone is looking hard at the bottom line," Mr. Selway Swift said, "very hard at the expense line."

Chase Manhattan, for instance, reduced the staff at its Geneva-based private bank to 167 from 179 during 1996 and cut its operating expenses by 14 percent. At two other global banks, Credit Suisse and Citibank, private bank operating expenses have risen over the last year, but by far less than the increase in revenue.

The industry is trying to improve performance, but performance is not bad at the private banks of these global institutions. All three state in their most recent financial summaries that profits were stronger at the private banks than at their corporate parents.

A survey published by the international consultancy Price Waterhouse notes that banks in those countries labor under very high ratios of cost to income — the proportion of each dollar brought in that is spent generating that dollar.

"This appears due to the high cost of operations in these markets and also to high levels of investment in technology and other areas of the business," according to the survey.

REVIEWING the broader industry, the survey said: "It is apparent that there is a core of underperforming private banks. Several participants, however, are achieving an impressive financial performance. This reflects the fact that, properly structured, private banking is a highly profitable business, compared to other lines in financial services."

Properly structuring HSBC will involve "getting the names right first, then streamlining the business and systems," Mr. Selway Swift said.

Samuel Montagu, Guyerzeller, and Trinkaus & Burkhardt, because of their strong brands, will keep operating under those names in their domestic markets. The rest will come under the umbrella of HSBC Investment Bank. The next step is making the private bank's various parts aware of each other's client base and range of products and services to increase cross-selling, a move similar to the strategy employed by American and Swiss global banks.

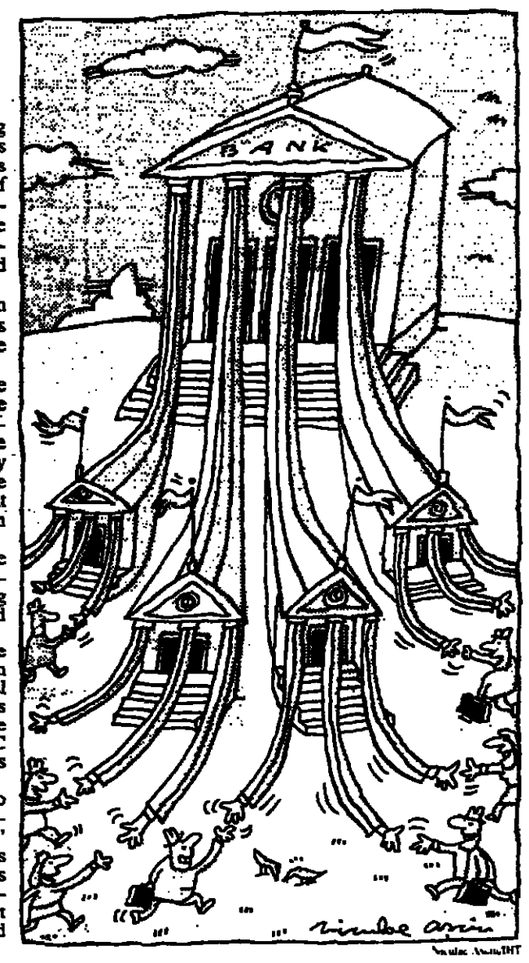
If done right, it will mean more choice for customers and higher returns for the bank.

"We want to try to have investment products suitable for more than one office, although there will have to be local variations," Mr. Selway Swift said. "You want to be very careful not to reinvent the wheel each time you open a new office."

The same approach will be tried with technology. Systems developed in Hong Kong will be implemented throughout the bank.

HSBC's goal for its private bank is to boost return on equity to 20 percent, the level the bank's brain trust expects for all its operations. In the first half of 1997, the HSBC group's return on equity was 22.5 percent.

"It's certainly possible to produce those kinds of returns in private banking," Mr. Selway Swift said. His own bank "doesn't yet but is perfectly capable of producing those returns in a short space of time. We're headed in the right direction."



The Cachet of Private Equity Deals

Continued from Page 18

He conceded, though, that private equity "is going to be an increasingly bigger topic in private banking" as entrepreneurs become a larger part of banks' client bases. They are more inclined to take risks, as that is how they made their money in the first place, and they understand the needs of small businesses and can provide expertise and capital.

Joel Katzman, president of alternative investment at Chase Manhattan Bank's private banking division, agreed that interest has grown. "It has been very, very popular in the U.S. for several years among wealthy families and continues to be extremely popular," he said. He finds less interest in Europe.

Far more than in the past, private banking relationships are starting with the sale of a family-run company to unlock the wealth tied up in the firm. This burgeoning constituency compelled Coutts & Co., the private banking arm of National Westminster Bank, to form a corporate finance division, not traditionally a private banking area.

Arranging the sale of a business can earn the bank as high a fee as it could make managing the same amount of money for a couple of years, Nick Somper, Coutts's head of corporate finance, noted. "We can undercut any other M&A house," he said. "If we get the money to manage after selling the business, it means we can put together a fee package that reflects the fact that we're doing two or three things instead of one thing."

Doing several things instead of one is how banks can make serious money in private equity. Coutts might be able to introduce a customer looking to make a venture-capital investment with one who wants to sell a business. Chase, the largest American bank, has lots of corporate banking clients looking for finance and private banking clients with assets.

Handling the buy and sell sides of a transaction, collecting a fee from each, while risking none of the institution's capital is as close to perfection as it gets for a banker.

Maybe it's too perfect. Linking two clients in a deal may be the best solution for a bank but maybe not for each client.

Mike Stevens, head of management-buyout services in Britain for the consultancy KPMG, which competes with banks to arrange sales of small companies, said that when looking for investors, "the idea of trying to grope through piles of private individuals is something we don't make much of."

Private buyers, unsure of how to value a company, would be inclined to offer less than its true worth, to be on the safe side, he said. KPMG prefers to seek buyers among venture-capital funds or trade investors. "The difficulty isn't finding money, it's finding good opportunities, good companies for sale," he added.

"The two keys are suitability and disclosure," Mr. Katzman of Chase said. "People dealing in this world know there are multiple roles. Clients are sophisticated; they have a clear understanding of what they're getting into."

All the same, Steven Galante, editor of the private equity newsletter Asset Alternatives, said that banks must be extremely wary of the potential for conflict of interest and its consequences.

"These investments are so difficult that it's not unusual for some percentage of deals not to work out," he warned: "You're working on reputation; for a family to make a private equity investment, there's some element of risk for a bank. You're having to do due diligence or in some way vouching for the company's credibility. If the deal goes wrong, it won't look good for the bank. It may provide some short-term benefits, but it's a fairly risky proposition."

CONRAD DE AENLLE writes about finance and investment from London.

A Besieged Industry Battles to Save Clientele

Continued from Page 18

vestment performance, and beyond that to remind them that there is much that private banks do and do better than either brokers or fund managers.

Superior service remains one of the most important of those things. "Try reaching a so-called customer service representative at a big brokerage and you will see what a daunting task it has become," said James Schlagheck, head of the New York office of Switzerland's Bank Julius Baer.

On the other hand, he admits that service has taken on a new meaning at private banks as well. "The days of private banks being dog walkers, nannies and baby-sitters are numbered," he says. "These days clients are more eager to talk with us about the impact of the European single currency on their portfolios than they are about getting opera tickets."

At Credit Suisse which — even as its merger with insurer Winterthur is still pending — already describes itself as the world's third largest financial institution, superior service is billed as a side effect of size. Among other things, Mr. Sloane says that it can get its private banking customers an individual loan as big as they want (and can afford), whereas other institutions stop at a piddling "$20 or $30 million per client."

When it comes to service or anything else, one of the most important contests between brokers, investment managers and private bankers is for the staff to provide those services. There, too, buoyed by record years in the stock markets, the advantages weigh heavily in favor of the brokers.

Their commission-based compensation systems typically mean that brokers make a great deal more money than bankers serving the same set of clients.

At Merrill Lynch that fact of life has meant that a lot of people who pass through training programs at private banks soon sign up to work at Merrill Lynch. "In what industry that you have ever heard of do the best people not want to get the highest compensation," asks Donna Curry, director of private advisory services at the broker's New York headquarters.

ERIK IPSEN is a journalist based in New York.

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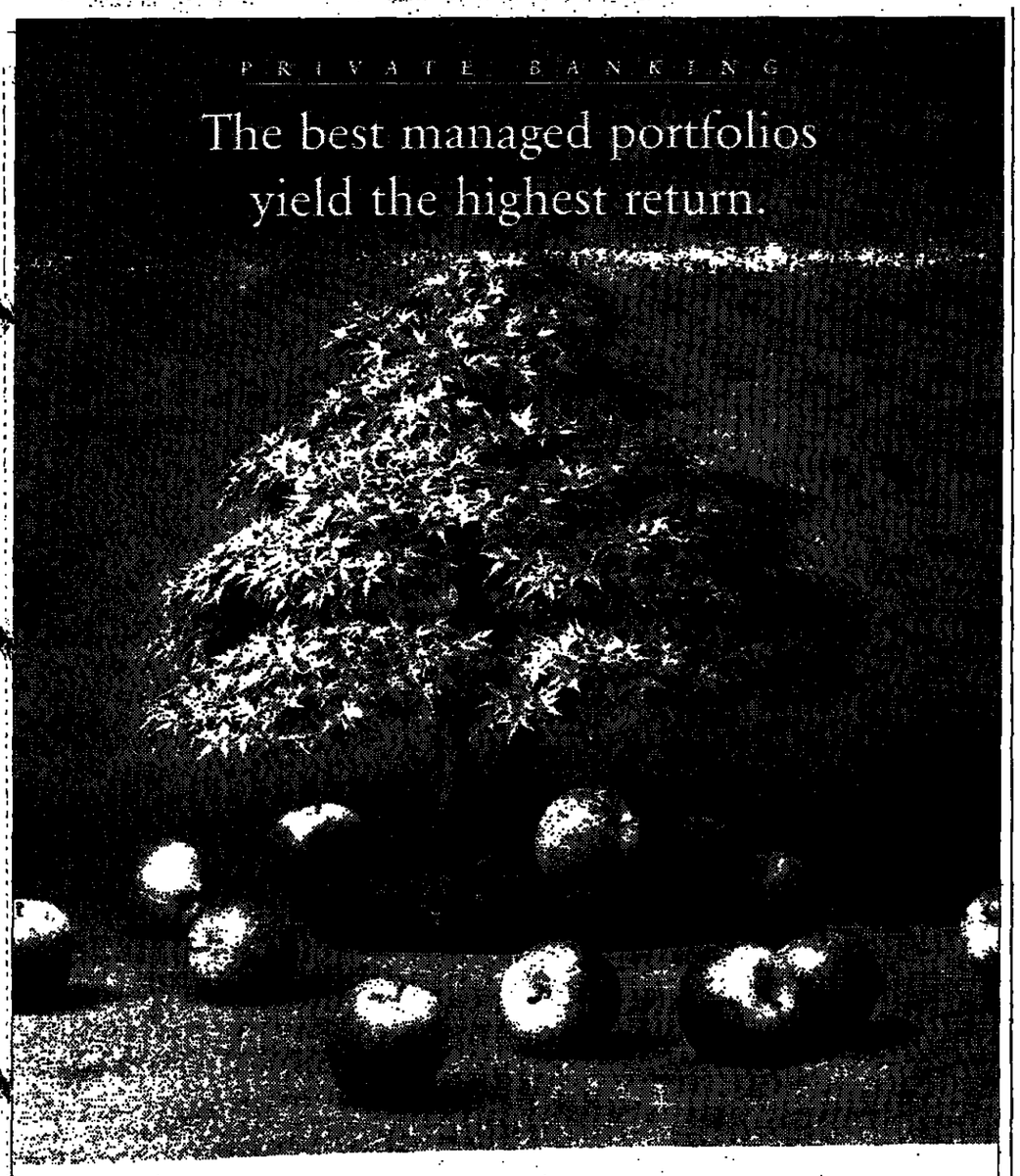

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For Asians, A Wake-up Call on Need To Diversify

Continued from Page 18

David E. Cripps, senior portfolio counselor at Citibank Private Bank in Hong Kong, says investors in Latin America went through a similar reckoning following market turmoil there two years ago. "The people who have ridden it through [with concentrations] in these countries have probably taken a pretty rough ride. When the markets have come back, they feel better about it, but I think they would still feel better about being globally diversified after that experience."

The lesson: if you create your wealth locally, preserve it globally.

In interviews, private bankers said clients were often tempted to retain heavy weightings in Asian markets because they felt they knew them well — useful in a region where knowledge of a company's political connections can often be more useful than a look at its balance sheet.

Henri W. Leimer, chief representative in the Hong Kong office of LGT Bank in Liechtenstein, says the reckoning often comes when clients sit down with him to map out their portfolio strategy.

"If the client goes through that process, takes one hour and makes the pie chart, then most Asian clients realize that they are overweight in their own market," Mr. Leimer says. "And obviously as long as the markets are appreciating, they're making a lot of money. But if there is any kind of crisis like we have now, they lose their shirt."

Despite nearly a year of bearish trends in some Southeast Asian equity markets, it was easy for many investors to maintain heavy weightings — a dip in share price was often taken as a cue to buy. It took the currency crisis and last week's shock therapy in Hong Kong for the new market realities to set in.

Mark Fellander

A bank official, right, helps a client at the private banking unit of the Far East Bank and Trust Co. in Manila.

"The problem is always that the investor's mind is shaped by what has happened over the last few years," said Thomas John, head of portfolios at Credit Suisse Group in Singapore. "Nobody could expect that this part of the world would go into a recession. It always seemed to be a temporary slowdown of a few months. And every slowdown would have seemed like a big buying opportunity in the equity markets."

THE CRISIS has caused many private banks to resort to heavy cash weightings. Mr. McAteer at UBS says his Asian-biased portfolio took a 40 percent liquid position in August — a decision the bank now celebrates given the plunge in Hong Kong.

Mr. Leimer at LGT says his standard portfolio is now 20 percent cash. Both banks say that bargains in equity and bond markets could soon whittle down their cash positions.

"The crisis provides some opportunities," says Mr. Leimer. "Not necessarily in Asia — I think it's a little too early — but some markets and some stocks have obviously been affected by the Asian crisis and we will use this kind of cash to identify some issues which are hit by the Asian crisis and which we could pick up at quite good prices."

Mr. Cripps said: "What we're saying to our client is that this is an economic adjustment process taking place. And that in a sense, with these devaluations of the currencies, many of these Asian economies are on a much more competitive footing. Future growth potential has not been capped by these events."

Mr. John of Credit Suisse said that, although valuations in some Asian markets are already very low, it could be a while before the markets take off.

"A stock can stay cheap for quite a while before you really make substantial amounts of money," he says.

Mr. Leimer, speaking from his office in Hong Kong, concluded that, from an investor's point of view, the crisis has put the region into perspective.

"If you are within the Asian region, maybe you get carried away by the Asian story from time to time," he said. "I think Asia is still going to be the greatest growth story in the next whatever, 20 or 30 years. But within that growth, we're definitely going to have much more volatility than within mature countries."

He termed as "aggressive" his portfolios that have 10 percent Asian weightings. The conservative portfolios? Five percent. "You can very well live with that," he said.

THOMAS FULLER is a special correspondent for the International Herald Tribune in Malaysia.

U.S. Investors Sit Tight, Amid Market Volatility

By Aline Sullivan

NEW YORK — Private bankers have been inundated by calls from anxious clients this week. Some of their investors are eager to buy shares at what they perceived to be temporarily reduced prices, others are concerned that the rising volatility is signaling the end of the bull run. But the overwhelming majority are looking only for assurance that they should sit tight in what have become some of the most volatile markets in memory.

"We are getting a lot of calls," said Richard Pell, chief investment officer at Bank Julius Baer in New York. "But most of our clients seem to be taking the news pretty calmly."

Tony Guernsey, managing director of UBS Private Bank North America in New York, seconded that observation, saying that he attributes his clients' composure during the plunge in Wall Street stocks on Monday to their diversified portfolios.

"We have spent years talking about asset allocation and now it has paid off. Many of our clients were waiting for this correction: They were sitting on cash or unrealized margin capability and are able to think about buying shares at lower prices."

Indeed, some high-net-worth investors have already started buying.

Henry Gooss, chief investment officer at Chase Manhattan Private Bank in New York, said one European client allocated $10 million to U.S. stocks on Tuesday. "Before that he had only a nominal position in the market," said Mr. Gooss.

Emilio Volz, vice president and sales manager at Credit Lyonnais Private Bank in Miami, said that many of his active equity clients want to purchase stock. "They agree with us that the fundamentals of the U.S. market are still there and that there is room to invest. They think long-term and know that there should be no rush to sell when the market is down."

Investors able to buy U.S. stocks after the Dow Jones Industrial Average plummeted 7 percent on Monday and before it made a partial recovery on Tuesday afternoon certainly have reason to feel smug, at least for now. Only one day after its biggest point drop in history, the Dow rebounded 337.17 points, or 4.71 percent, in record trading volume to end Tuesday at 7,498.32. The European markets, buoyed by the bullish sentiment on the other side of the Atlantic, also staged a partial recovery from what had been record point drops in many markets.

But no one expects clear sailing. "Every time we have a correction of significance, substantial new money comes into the market," said Mr. Gooss. "But a lot of people are really worried this time about the extreme volatility that we have seen on Wall Street in the past few weeks. For every client that wants to buy shares, there is one who wants to reduce their exposure to stocks because they simply feel nervous about the U.S. market."

Simon Hayward, private banking manager at the Royal Bank of Scotland International, is keeping his advice simple this week: "We are telling our clients not to panic. Most of them are okay. They feel that what has happened so far is the correction everyone had expected.

"They will only start to want out if the Dow Jones [Industrial Average of leading U.S. stocks] and the FT-SE 100 [index of leading British shares] start to lose as much as they did in the 1987 crash."

That seems unlikely for now, at least in the United States and Europe, the bankers said. The so-called correction on Monday was only about a third as large as the 508-point, or 22.6 percent, drop recorded on Oct. 19, 1987. At the same time, economic news on both sides of the Atlantic remains encouraging.

In Asia, the picture remains bleak, however. Few private bankers are encouraging clients to invest in Southeast Asia, despite sharply lower prices. They believe that dwindling demand for high-tech exports will prevent Asia, long the world's fastest-growing region, from recording much growth in the near future.

ALINE SULLIVAN is a freelance journalist based in Greenwich, Connecticut.

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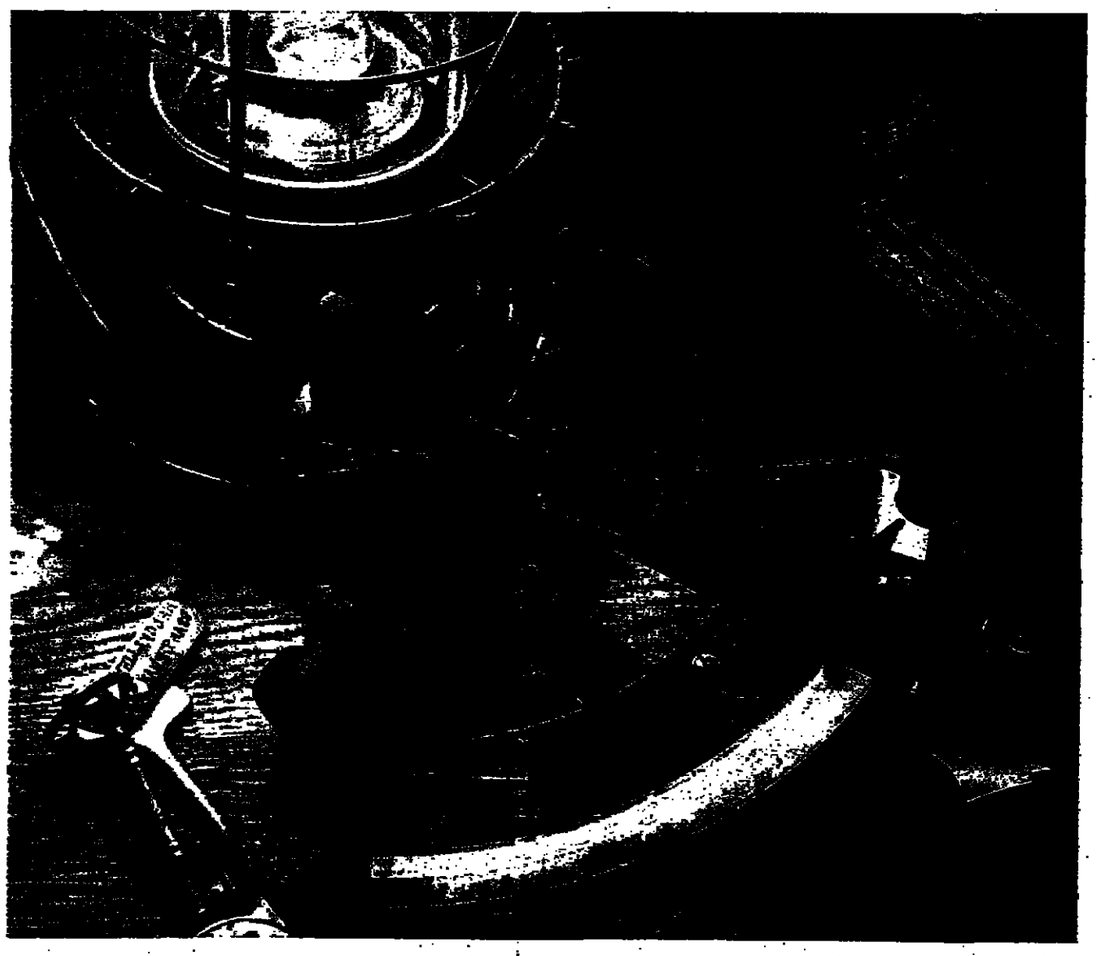

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Q & A / **P. Daniel Bischof**

Race to Woo Japanese Ahead of the Big Bang

Private banking, hitherto an alien concept to the Japanese, is an arena of asset management business that remains largely unexploited. Major domestic banks such as Sumitomo, Fuji and Daiwa, and their Western counterparts like Citibank and Credit Suisse are targeting this high-potential market packed with 600,000 high-net-worth individuals with estimated combined assets of [illegible]. Miki Tanikawa spoke with P. Daniel Bischof, head of private banking at Credit Suisse's unit in Japan.

Q. I understand that private banking, conceptually, does not really exist in Japan in the Western meaning of the word.

A. Absolutely. Private banking is rooted basically in the concept of universal banking because universal banks, like those in Switzerland, can offer all financial services under one roof. Japanese private investors have had to go for stocks to a brokerage company, for bonds and deposit to the bank, and for insurance to an insurance company. They never could really combine their assets and have an efficiently managed portfolio.

Q. Can you describe your private banking business here in Japan?

A. We have been in private banking for some time and already have quite a good number of private clients in Japan. At the moment, we manage assets both offshore and onshore. They are quite balanced. We would like to enlarge the base of clients with bankable assets of $1 million to $5 million. That segment has not yet been tapped by Credit Suisse private banking successfully. If you look at the documents we hand out to clients, we suggest that they have 1 billion yen as a minimum investment, but I think this is very high by international standards, and there are potentially many thousands of clients who are in the bracket of 100 million to 1 billion yen.

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Q. How many clients do you have in Japan?

A. We don't disclose figures as to assets and numbers, but basically there are a few hundred.

Q. That appears to make quite a sizable amount of assets for you to manage.

A. Well, you must understand that Japan is potentially the second biggest private banking market in the world. Japan has about half or two thirds the number of American high-net-worth individuals, and an equivalent number as Germany and France put together. So, potentially, we could grow very strongly here.

Mind you, Japanese investors are quite conservative. If you look at the investments they hold, they are predominantly in time deposits and saving instruments and not so much in stocks and bonds. But I think there should be an educational process to teach Japanese private investors that a professional portfolio management with a global view will lead to higher returns than just having the money in yen time deposits.

Q. Under the current Japanese legal framework, are there any laws and regulations that stand as impediments to carrying out private banking as you would elsewhere?

A. Obviously, we don't have a universal banking license where you can do whatever you want with one account. Trust bank concept [private banks operate under trust bank license] is a little bit inflexible in some ways, especially if you want to move [assets] in and out. There is a question of flexibility as to time constraints. You set up funds and must run them for a specific time like one or two years. You cannot cancel them before they expire. But 90 percent of the private banking services can be carried out more or less efficiently.

Q. Have you encountered any difficulty in making your Japanese clients fully understand the concept of private banking?

A. Yes, it takes some time to familiarize them with it but Swiss banks fit well with Japanese clients because both are relationship-oriented. We want to build and establish long-term relations and I think Japanese clients are receptive to that.

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Q. How has your business been going in recent years?

A. The increase in the volume of assets under management has been tremendous.

Q. In what way will the Big Bang deregulation (in April 1998) facilitate your private banking business here?

A. The combination of banking and securities businesses would be a big boost because it will enable Japan to offer banking and securities service in the same business unit.

Q. Is it your hope, perhaps, that the Big Bang will cause a shift in people's mentalities and that they will be keener to have a more efficient portfolio management?

A. I think it will take some time. The Japanese are not accustomed to investing abroad under a modern portfolio concept. We saw a tremendous shift in the early '90s in institutional money from domestic investments into foreign markets. I assume that when people realize how their pension money performs under an efficient portfolio concept, they may follow suit.

Q. What kinds of efforts will you make on the publicity front in Japan?

A. Private banks are relatively conservative and don't do much advertising. But maybe we should do a little bit more publicity work.

Q. Would it be a problem to promote private banking as something for the rich in a country where egalitarianism is esteemed?

A. Sure. This may be a question we have to consider. But one must realize that if you want to do a professional portfolio management, you cannot have a very small amount. The minimum is $1 million or $2 million.

•

Q. When I learned how private bankers operate and what personal attention they give to clients like walking their dogs and helping them locate a good university overseas for their children, I thought that that sounded familiar. If you look at Japanese banks like credit unions, for example, you see bankers visiting clients' houses regularly, to pick up money, to advise them on saving plans and loans and so forth.

A. As I mentioned, the Japanese people have a similar relationship approach as Swiss banks. We have a concept called "house bank" in Europe. For a corporate and a private person, a house bank is very important. But it is a pity that Japanese credit unions have no [financial] products. If only they could really offer a whole product range, it would be very good. Then, they could use this concept and relationship management in a much more efficient way.

MIKI TANIKAWA is a journalist based in Tokyo.

هكذا من الأصل

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Islamic Finance Spreads Its Wings

By Barbara Wall

LONDON — A quiet revolution is taking place in the Islamic financial world. Frustrated with the limited range of financial instruments on offer in their local markets, high-net-worth Muslim investors are looking increasingly toward Western banks and investment houses for global investment opportunities.

In response, Islamic banks in the Gulf and elsewhere are developing their own raft of products to entice investors back into the fold.

Estimates of the market size of Islamic banking and finance range from $80 billion to $150 billion, while figures supplied by the International Association of Islamic Banks suggest that the combined assets of Islamic financial institutions are growing at 10 percent to 15 percent a year.

Duncan Smith, chief executive of the United Bank of Kuwait's Islamic investment unit in London, said that the published growth figures are the tip of the iceberg. "The vast majority of Islamic investments do not appear on bank balance sheets as the money is generally invested privately in the businesses of friends and relatives. The market size of Islamic finance is far in excess of the quoted figures," he said.

Recognizing the potential that Islamic finance holds for the Arab world and beyond, the Malaysian government is promoting a dual banking system (a conventional system operating in parallel with an Islamic banking system). Total funds under management in the sector have increased by 70 percent in the past 12 months, according to a Malaysian government economist. The Lebanese government has also acknowledged the need for Islamic finance by recently passing a law to allow Islamic banks and financial institutions to operate in the territory.

A small number of international private banks based in London have taken the lead in promoting Islamic finance. Citibank and Dresdner Kleinwort Benson have been active in the sector for many years. Both institutions offer the full range of Islamic financial products, though Citibank is perhaps better known for its design of Islamic equity funds, while Kleinwort Benson's strength lies in trade financing arrangements, according to industry analysts.

The London-based arm of Australian banking giant Australia & New Zealand Banking Group is a relatively small player in Islamic finance, but it has developed a solid reputation in emerging markets investments. Meanwhile, the Geneva-based Faisal Finance SA, a subsidiary of the Dar al-Maal al-Islami Group which is registered in Geneva Canton as a bank-like finance company, is very active in all types of Islamic leasing arrangements, especially international property funds.

"The market for Islamic finance is being propelled by young, educated high-net-worth Muslim investors who have already participated in conventional financial markets, but who have chosen to convert to Islamic instruments because of the proliferation of new products," said Nagib Baroudi, a spokesman for the Islamic banking division of Citibank in London.

Nick Haynes, head of private banking for Dresdner Kleinwort Benson in London, said that Muslim investors are targeting international banks rather than local banks as part of a diversification strategy. "In terms of product range, there is not much difference between local Islamic banks and the international banks, but many Muslim investors understandably prefer to hold part of their savings with institutions outside their home markets."

Muslim investors are looking increasingly toward the West for global opportunities.

With the emergence of new players and products, Islamic finance has transcended the Muslim community. At least one Islamic leasing fund launched by the United Bank of Kuwait is dominated by non-Muslim investors. Around 70 percent of the uptake of the fund has been by U.S. companies.

"Outside the Muslim community anything Islamic has traditionally been viewed with a degree of suspicion. Perceptions are changing and many investors now appreciate the attractions of Islamic private banking," said Mushtak Parker, the editor of London-based Islamic Banker Magazine. "The products are competitively priced and the returns compare favorably with conventional banking and investment products. The simplicity of Islamic financial instruments will also appeal to some investors."

An important principle of Sharia (Islamic law) is that all financial transactions must be clearly defined and understood by the parties involved, which excludes complex financial instruments such as futures and options. Another tenet of Sharia is that financial transactions be free of interest. Further restrictions include a ban on investment in certain companies, notably pork producers, arms manufacturers and alcoholic beverage providers.

Beyond these basic investment considerations the needs of Islamic investors are not that different from other investors. Products have been designed with a variety of risk profiles and pockets in mind.

The most common Islamic investment product is *Murabaha* — a type of trade finance contract where an asset is sold to a client on terms providing a fixed level of profit for the seller. This investment is like a cash deposit; highly liquid with a similar level of return.

While most local and international Islamic private banks offer funds that invest in *Murabaha* instruments, the tendency in recent months has been to offer a wider product range of increasing sophistication to clients.

The United Bank of Kuwait has focused on the provision of different types of leasing funds. One of these funds invests in office equipment that is leased to investment grade corporations in the United States.

The rentals are fixed and investors are paid an annual dividend of around 7.5 percent. Short-term *Murabaha* rates are slightly under 5 percent for this market.

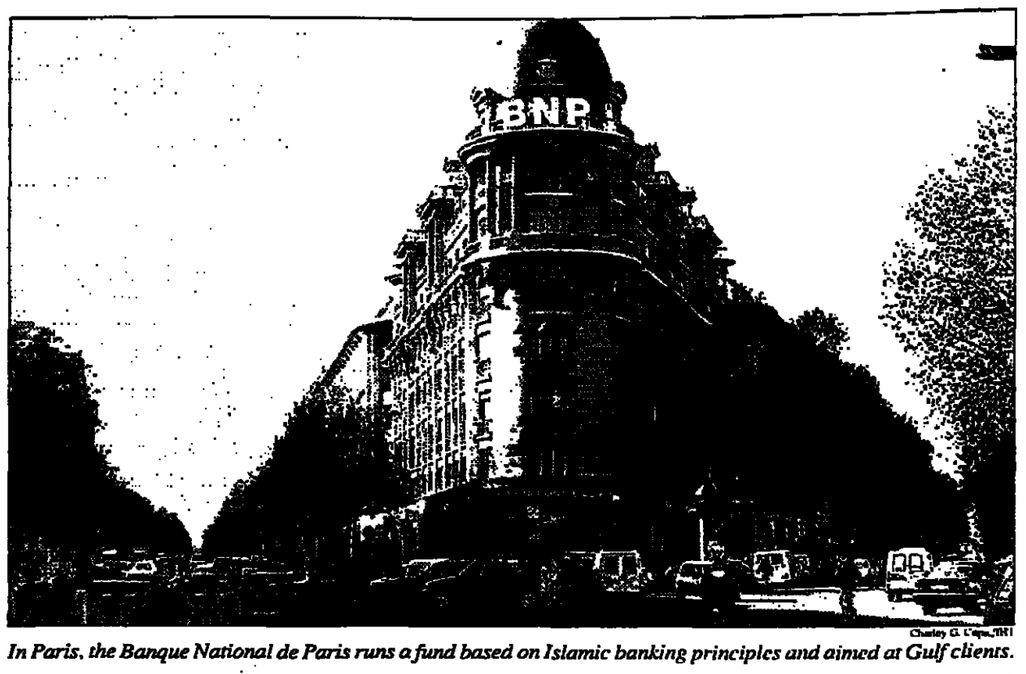
The United Bank of Kuwait has also launched a commercial real estate leasing fund which invests in nursing homes. The Dublin-registered Health Care Fund requires that investors lock their money away for five years. The annual dividend is between 9 percent and 10 percent.

At the cutting edge of product innovation is the small, but growing band of Islamic equity funds that have come on to the market in recent months. "The fact that these funds are attracting encouraging levels of investment is good news for the sector and the future development of an Islamic capital market," said Mr. Parker.

OASIS International Equity Fund, an Islamic fund launched by the British merchant bank Flemings in March 1996, was one of the first Islamic equity funds. The fund invests mainly in the stocks of companies in the oil, utilities and health-care sector. The geographical distribution of the portfolio is 35 percent in U.S. stocks, 16 percent in Japan, 20 percent in Europe and the remainder in emerging markets stocks, such as Hong Kong and Malaysia.

The fund tries to minimize risk and aims to have a performance that resembles the performance of the Morgan Stanley Capital International World Index. The cumulative performance of the fund to the end of September 1997 stood at 21.8 percent. This compares with the MSCI World Index of 28.5 percent.

BARBARA WALL is a British journalist specializing in finance.



In Paris, the Banque National de Paris runs a fund based on Islamic banking principles and aimed at Gulf clients.

Cultural Attitudes Sway Strategy

By Aline Sullivan

NEW YORK — Private bankers with global aspirations are often surprised to discover a paradox in today's market: as they strive to meet the international needs of their increasingly sophisticated clients, they must also cater to what remain significant regional differences in attitudes toward investment advice and risk.

Asian clients, for example, often prefer to make their decisions only after consulting several banks. Indeed, a recent survey by the Chase Manhattan Private Bank found that 73 percent of clients in the Asia Pacific region make their own decisions based on professional advice rather than go it alone or leave it to any one investment manager. Only 50 percent of U.S. clients and 48 percent of those in Europe, Africa and Middle East take the same approach.

Asian investors outside of Japan have also tended to embrace a higher degree of risk than their counterparts in Europe, the Middle East and the Americas, in part because so much of their wealth is in the hands of relatively young investors. That strategy served them well for years but backfired in the wake of the currency crises that rocked much of the region over the past three months.

"What seems risky to us is not necessarily risky to [Asian private clients] because they understand their own markets," said Georges Vergnion, chairman of the Chase Manhattan Bank (Switzerland) in Geneva. "They are entrepreneurs who invest a lot of money in their own countries and in their region and they have good reason. Don't forget that there is a huge market called China as well as all the Asian parts of the former Soviet Union."

In Japan, where the stock market has been depressed for almost a decade and interest rates are negligible, private banking clients face other concerns. "For Japanese investors, the big challenge is to enhance yield even at the cost of assuming much more risk," said Shaukut Aziz, head of Citibank Private Bank in New York. "They are moving out of their country more, both in terms of physical assets and in currencies."

U.S. investors increasingly resemble their Southeast Asian counterparts in both their aggressive stance and their strong regionalism.

At the opposite end of the risk spectrum from many Southeast Asian and U.S. investors are the Latin Americans. "Latin investors live in an environment where their businesses are exposed to extremely volatile currencies and economic conditions," said Donald Murphy, a partner at Brown Brothers Harriman & Co. in New York. "They are already exposed to so much financial risk that they tend to be very careful with their assets. Investors with a pool of money think of safety first."

Not surprisingly, the Latin American investors are reluctant to defer all decisions to their investment manager. Only 12 percent of the Chase Manhattan's Latin American clients agree to discretionary management, compared with 17 percent of U.S. clients.

Private banking clients in the Middle East and Europe also tend to be conservative. "They are more cautious than our Asian private clients," said Mr. Murphy. "The people that we see are older and have been through political and economic upheavals that teach them to exercise caution."

Europeans, perhaps due to their geographical position, are the most eager of the world's investors to diversify on a global basis, the bankers said. That approach generally means that those with old, or family, money are willing to delegate the responsibility to their bankers while those who made their own money in the financial markets insist on making their own decisions.

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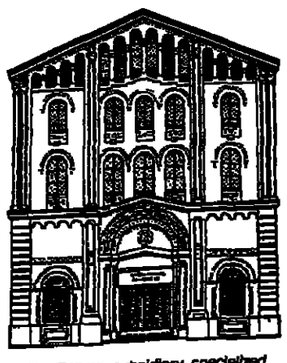

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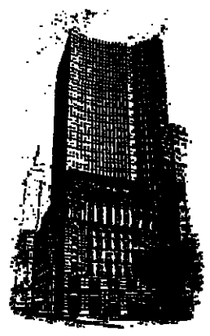

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WORLD ROUNDUP

Chang Toppled

TENNIS Magnus Gustafsson of Sweden upset Michael Chang, the No. 2 seed, 6-3, 6-2, Wednesday in the second round of the Paris Open, the third consecutive tournament Chang lost in his opening match.

Last week in Stuttgart, Chang lost in the second round, also after an opening round bye, to Frenchman Cedric Pioline. Before that he lost to American Jonathan Stark at Singapore in the first round.

Chang had trouble getting his first serve in. He served two double faults in the ninth game, which Gustafsson won.

Two other seeded players lost. Guillaume Raoux, another French wild card, beat Marcelo Rios, No. 9, 7-6 (7-4), 3-6, 7-5, and Todd Woodbridge of Australia eliminated sixth seed Carlos Moya of Spain, 7-6 (7-1), 6-2.

Defending champion Thomas Enqvist, seeded 15th, topped David Prinosil of Germany, 7-5, 6-1. *(AP)*

Game 7 Aids TV Ratings

BASEBALL The World Series between Florida and Cleveland narrowly avoided a ratings low because Game 7 produced baseball's highest rating in six years.

Game 7 had a 24.5 rating in the United States, Nielsen Media Research said, baseball's best showing on network television since the previous seventh game in 1991, a 32.2 rating when the Minnesota Twins beat the Braves.

It was also the highest-rated sporting event since the 43.3 rating in last January's Super Bowl and higher than any NBA Finals game.

The World Series finished with a 16.8 cumulative rating, the second-lowest behind Oakland's earthquake-interrupted sweep of San Francisco in 1989. *(AP)*

Women Win Place

OLYMPICS Women's water polo has won inclusion in the 2000 Olympics in Sydney, the International Olympic Committee announced Wednesday.

The Australian women's team waged a fierce campaign for inclusion, staging a picket at Sydney Airport clad in swimming costumes when a delegation from the sport's governing body visited. *(Reuters)*

Reuters

Michael Chang hitting on the run versus Magnus Gustafsson.

Ron Frehm/The Associated Press

Allan Houston, of New York, left, and Kevin Ollie of Dallas, fighting for their best form in an exhibition game.

Will I Love This Game Next Year?

NBA Faces a Host of Problems, Including a Possible Lockout

By Mark Heisler
Los Angeles Times Service

It's the end of the world as we know it, as usual: If you like the NBA, you'd better take a deep breath because it could look much different in a year.

How about Michael Jordan as a Los Angeles Laker and Charles Barkley as a New York Knick?

Or Barkley as a Laker and Jordan retired?

Or Commissioner David Stern locking everyone out until Christmas?

Storm clouds are gathering over a league in which things have never been better and worse at the same time.

The NBA is awash in cash, but there's a growing split between haves and have-nots, with nine teams losing money last season.

Salaries are rocketing, but there's an even more dramatic spread between the Jordans ($34 million this season) and Patrick Ewings ($20 million), and the 30 percent of the players, according to their union, at minimum pay.

Of course, minimum pay is $272,250. Almost everyone is making out. Hardly anyone is happy. Sounds like a prescription for tumult.

The NBA faces potential problems in labor relations, free agency, the decline of the Bulls and high-priced coaches. Even a bigger television deal may not solve the problems.

The league has never lost a game to a labor action. But that run could be coming to an end.

Neither Stern, the owners or players like the collective bargaining agreement, and all seem ready to rumble.

Stern has already warned that he may re-open the agreement next summer. He used to worry about his perfect labor record but may have decided a fight is inevitable and he may as well dictate the time and circumstances and see if the other side is for real. He is not known for bluffing. He smiles first and then sends in the B-52s. In 1995, he christened himself "Easy Dave" and locked the players out all summer.

The union is effectively in the hands of David Falk and the other agents who tried to decertify it two years ago, to continue the struggle with Stern. Falk's idea of problem solving is: 1. Explain your position patiently. 2. Wait for your adversary to do what you want. 3. If he doesn't, blast him.

There doesn't seem to be much spirit of compromise.

Some of Falk's clients will be among a tidal wave of star free agents next summer which includes Jordan, Barkley, Scottie Pippen, Vlade Divac, Rik Smits, Clyde Drexler, Joe Smith, Jim Jackson, Antonio McDyess, Jerry Stackhouse, Damon Stoudamire, Tom Gugliotta, Jayson Williams, Loy Vaught and Brent Barry.

Of course, no one would be allowed to negotiate during a lockout. That happened in '95, too, but no one cared because there were no stars to be had.

If Jordan changes teams or retires and Pippen leaves, all the king's horses and all the king's men won't be able to put the Bulls back together again next fall. Not that the king, the Bulls' owner Jerry Reinsdorf, wants to.

Coach Phil Jackson and Pippen, long at odds with Reinsdorf and Jerry Krause, the general manager, are expected to leave.

This would present Jordan with a decision: Accept a new coach, though he has vowed not to; retire, though people close to him say that, at least for now, he intends to keep playing; or go elsewhere and show Reinsdorf. That's more Jordan's style.

Sue Ogrocki/Reuters

Would the NBA survive if His Airness left the game or moved to L.A?

Of course, being Jordan, he would only go to a winning team in a glamour market. (And Los Angeles is one glamour market where you can golf year-round!)

Suddenly, it's not just the players who are superstars with multimillion dollar salaries. Rick Pitino is being paid $7 million to coach the Boston Celtics.

Seven coaches — Pitino, Pat Riley at Miami, Larry Brown at Philadelphia, John Calipari at New Jersey, Gregg Popovich at San Antonio, P. J. Carlesimo at Golden State and Rudy Tomjanovich at Houston — have sole control of their team's basketball operations too. Not all, however, have proven they're up to the task.

Pitino signed Chris Mills for $33 million and traded him six weeks later, at least raising the suggestion he doesn't know what he's doing. Brown, who has shown a continuing desire to back up the truck, now has the keys.

General managers with experience and track records may be the next lucky segment of the economy to reap a salary explosion. What the heck, Carlesimo, the new boss at Golden State, hired Garry St. Jean as what amounts to a personnel director — at $1 million a year, more than any general manager but Jerry West makes.

Of course, star coaches will still be in demand. Big-name guys in the final year of contracts include Jackson, George Karl and Doug Collins.

Stern is negotiating new deals with the television networks: NBC, Turner Sports, ESPN, and Fox are all dying for a piece of the action. The NBA has held strong ratings as those of baseball and football have declined, and could double its $275 million annual rights fee.

Not that the extra bucks will soothe any brows. Hardship led to community and the golden era of the '80s, but all prosperity has brought in the '90s is strife, with more coming.

The Bulls Look Ripe For a Dramatic Fall

With Other Top Teams Improving, A Repeat Will Be Harder Than Ever

By Mike Wise
New York Times Service

Maybe it's heresy. He has made every clutch shot he has taken in the 1990s, so what's to stop him now? Maybe it's crazy. They are still the most mature, savvy and championship-tested team.

And maybe it's simply time for Michael Jordan and the Chicago Bulls to realize it's over.

All dynasties eventually crumble, and as the National Basketball Association's 51st season begins Friday there will be as many as five teams capable of preventing the Bulls from winning their sixth title in eight seasons.

This is not a news flash, given all the challenges in years past that Jordan and the Bulls have met. Yet never before have there been so many reasons to pick against them. Age and off-season turmoil in Chicago are only the most obvious.

The challenges from around the league will be formidable. The Eastern Conference, once separated by the haves and have-nots, is suddenly a minefield of parity and talent after another offseason of bartering. On paper at least, New York, Miami, Charlotte, Indiana, Detroit and Orlando made themselves better.

Also, a league trying to cope with the querulous attitudes of its young players has given birth to the seven-figure coach, none of whom will be required just to babysit. Rick Pitino in Boston, Larry Bird in Indiana, Chuck Daly in Orlando and Larry Brown in Philadelphia — all hired in the offseason to kick-start franchises — will earn a combined $21.5 million this year. Their teams need to show improvement.

But the most compelling reason to pick against the Bulls may be simply Shaquille O'Neal's renewed commitment to basketball. At 25, he is learning that he is not a very good actor, that the Grammys can wait and that he needs to develop maturity and leadership qualities. Somewhat poised and loaded with talent, his Los Angeles Lakers are all grown up. They are simply bigger, faster and on the cusp of returning to prominence.

Just in case they're still a year away, other contenders abound. Karl Malone and the Utah Jazz have brought everyone back for another finals run. Each season Patrick Ewing breaks his championship promises, but the Knicks have added even more depth to give the franchise center another reason to boast.

Year No. 3 of Pat Riley's plan in Miami is unfolding well, with more talent off the bench. And instead of an unbalanced Shawn Kemp teamed up with Gary Payton, the SuperSonics have a steady Vin Baker in Seattle.

They all take aim at Chicago, an organization that has been in turmoil since the night a double-teamed Jordan passed off to Steve Kerr, who knocked down the jump shot that beat the Jazz and won the Bulls their fifth title of the decade.

If it's not in-house bickering between management and the team, and especially the coach, it's Scottie Pippen's requiring foot surgery and missing the season's first two months. And it is not a good sign when Dennis Rodman, the league's fearless rebounding king, is worried about tying contract incentives to team performance a week before the season begins.

"I can't remember when there has been this many distractions," said Phil Jackson, the Bulls' coach, last week. "The only thing that might compare is perhaps the year Michael was retired. There was bickering during training camp with Horace Grant. Injuries. Everything seemed to be going wrong. But that does not compare to this. I'll just say we've talked about this year being our toughest challenge."

Jackson said reports that Toni Kukoc would need foot surgery were erroneous. He added that the forward has been struggling this preseason only because he is out of shape. Kukoc has said his foot, which limited his effectiveness in the postseason, is at least 90 percent healthy.

Still, two starters, Ron Harper and Luc Longley, have chronic knee problems. And on it goes. Even Jordan, resilient as ever, recently had ingrown toenails removed and was forced to cut short the exhibition season. Saying he would retire if Jackson did not return this season — the Bulls and Jackson have agreed he will not coach next season — the game's greatest player is nearing the end.

"I really don't know how long I'm going to play," Jordan said recently. "I couldn't give you a concrete time frame or whatever. I like to think that each and every year we keep winning championships and I keep playing. Knowing at some point and time that management is going to change direction and I don't feel it's favorable in my direction, then I won't have a problem walking away."

His sentiments open the door to a new era. As to which team might be the next dynasty, O'Neal and the Lakers would be a strong choice. They beat out New York, Atlanta and Cleveland in the Rick Fox Sweepstakes, paying a pittance for the free-agent small forward. Eddie Jones and Kobe Bryant are a year older and wiser.

Tomorrow: Team by team previews.

If the rebellious Nick Van Exel and coach Del Harris can coexist for the next six months, Los Angeles would be a dangerous finals opponent for Chicago.

The West is not as wide open as the East, but the arrival of Tim Duncan in San Antonio gives David Robinson and the Spurs hope. Their triumvirate of future Hall of Famers notwithstanding, Houston is graying around the temples, causing Charles Barkley to peek into the future last spring.

"If by some little stretch of the imagination the Lakers get some common sense over the summer, they're going be the team to beat," Barkley said.

Getting through their own conference may be an even bigger chore for Chicago. Charlotte's upgraded backcourt includes Bobby Phills and David Wesley. The Pistons lost Terry Mills to Miami, but plucked Brian Williams to start at center. Orlando picked up the shot-blocking Bo Outlaw and the reliable, if ancient, Derek Harper. And Chris Mullin's contributions should make Coach Bird sleep a little easier during his transition from Larry Legend.

Ewing, meanwhile, has become the '90s equivalent of Julius Erving, guaranteeing his city a title year after year after year until the words run together in an annoying monotone. After years of vowing "We owe you one," Erving and the 76ers broke through in 1983 with a sweep over the Lakers.

Ewing, who signed on for four more years over the summer, has perhaps two more seasons in which he will still be considered among the league's elite centers. So, the Knicks have two years.

It's not much of a window, but they are determined to sneak through.

At the expense of four first-round draft picks, the Knicks added Chris Dudley and Chris Mills to an already solid bench. Point guard, with Chris Childs recently volunteering his starting job to Charlie Ward because he feels he can run more with the second unit, is a huge question mark.

"I think we're going to beat them if Scottie is there or not," Ewing said. "I felt like we were going to beat them last year, but we didn't have the opportunity to prove it."

Jordan still believes statements such as these are ludicrous and silly. Asked last month to respond to constant boasting by his peers, he laughed.

"You had your opportunity to win when I was out of the game; the next opportunity is when I leave the game," Jordan said. "I don't see Patrick winning, I don't see Charles winning, I don't see anybody winning but us. And whenever I step away, maybe that's their chance. But as long as I'm playing, both those guys will finish second."

But there are more chinks in the armor now. Jordan is 35 and cannot fly down the lane and dunk forever. Judging by his comments after Rodman finally ended his holdout and signed last week, he is genuinely worried.

Said Jordan, "Come on, put your shoes on and let's go, because our time is short in terms of not giving the opposition too much confidence that we're breaking down here in Chicago."

It may already be too late.

NBA Amending Rules to Encourage Offense

Reuters

Blame Pat Riley's no-layup rule. Or Charles Oakley's massive forearms that stop penetrating point guards in their tracks. Or point your finger at unimaginative offenses that seem to generate points.

Five rule changes instituted by the league's competition committee this season are the most significant since the restriction of hand-checking by defensive players before the 1994-95 season — another rule that had much do with those naughty, naughty tactics of Riley and his former team, the New York Knicks.

"Basically, we're trying to encourage more driving to the basket," said Rod Thorn, the National Basketball Association's vice president of operations. "Our hope is that teams will get a few more shot opportunities or draw a foul, whatever the case may be. We'd like to force some people to develop a medium-range game."

Teams averaged slightly more than 79 shots a game last season, a figure Thorn would like to see increase by at least a few shots. The league's two-highest scoring teams, Utah and Chicago, met in the NBA finals this past June. But neither managed to crack the 100-point barrier in a six-game series.

These are the rule changes:

- Moving back the 3-point line, which was 22 feet (6.7 meters) from the basket the last three seasons. It will be lengthened to its original distance of 23 feet 9 inches, except in the corners, where the distance will remain 22 feet.
- A defender will not be permitted to use his forearm to impede the progress of an offensive player who is facing the basket in the frontcourt.
- A player may not call a timeout if both of his feet are in the air and any part of his body has broken the vertical plane of the sideline or baseline.
- The illegal-defense rule in which two defenders had to be at the foul line while guarding players uninvolved in the offense far out on the perimeter has been eliminated. One of the defenders will be allowed to go outside the lane, if the defender so chooses. This discourages teams from effectively removing two players from the action.
- A no-charge area near the basket will be expanded. The area, in which an offensive foul is not called if contact is made with a secondary defensive player who has established a defensive position, will be the area consisting of a half circle with a four-foot radius measured from the middle of the goal. Five hashmarks painted on the floor this season will mark the area to better help officials.

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SPORTS

Oriole Skipper Could Lose Job Over Fine Sent To a Charity

By Mark Maske
Washington Post Service

WASHINGTON — Peter Angelos, the majority owner of the Baltimore Orioles, is considering firing the team's manager, Davey Johnson, without a settlement because Johnson directed Roberto Alomar, the Oriole second baseman, to pay a $10,500 fine to a charity with which Johnson's wife is associated, sources said Tuesday.

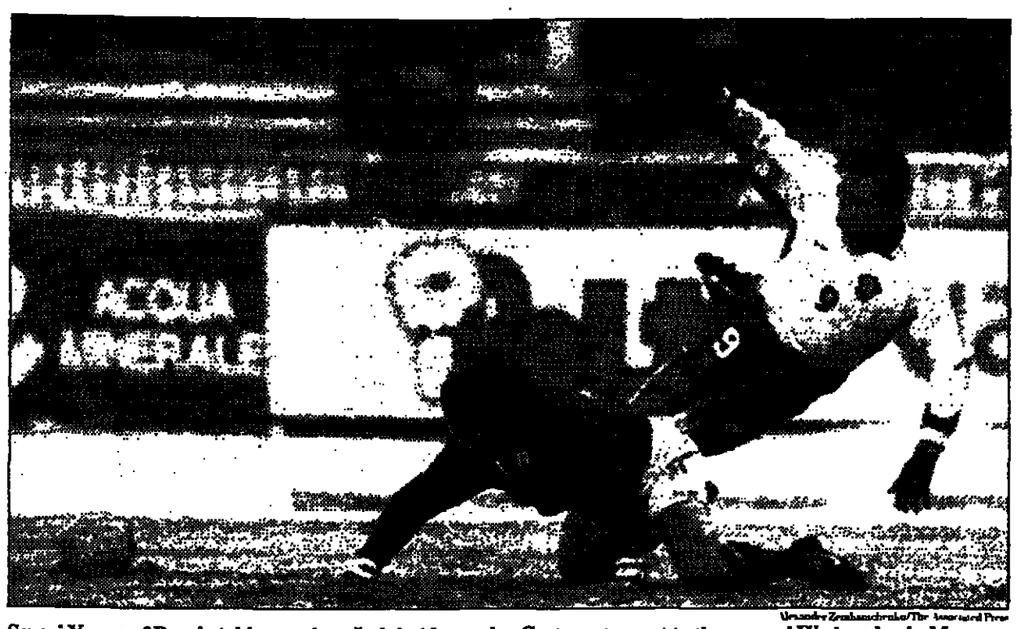
Johnson and his wife, Susan, said Alomar's fine — imposed by Johnson in July because Alomar missed a team banquet in April and the Orioles' exhibition game at Class AAA Rochester during the All-Star break — was directed by Davey Johnson to be paid to a scholarship fund run by a doctor at the Johns Hopkins Hospital in Baltimore. Susan Johnson said she was involved in fund-raising for the charitable foundation. One Oriole source said he understood that Susan Johnson was an unpaid fund-raiser.

Davey and Susan Johnson said they saw nothing improper with Alomar being directed to pay the fine to the charity. The fine has not been paid because the Major League Baseball Players Association objected to it.

Angelos, sources said, believes he can dismiss Johnson if he chooses without being obligated to pay his guaranteed $750,000 salary for the 1998 season because of Johnson's actions with Alomar.

One source said that teams and players routinely picked charities together to which fines are paid, but that it was highly unusual for a manager to direct which charity would receive the fine. Johnson directed Alomar to make a check payable to the Carson Scholars, a foundation named for a Johns Hopkins neurosurgeon, Benjamin Carson.

"What we feel bad about is that a charity we care about and love will be hurt by this," said Susan Johnson.



Alexander Zemlianichenko/The Associated Press

Sergei Yuran of Russia taking to air as Italy's Alessandro Costacurta went to the ground Wednesday in Moscow.

Italy Survives Snow, Draws 1-1 in Moscow

Compiled by Our Staff From Dispatches

Christian Vieri became the first Italian ever to score for his country in Russia on Wednesday. Two minutes later a second Italian, defender, Fabio Cannavaro, also found the net, but at the other end to give Russia a 1-1 draw in the first leg of their World Cup qualifying encounter in Moscow.

Vieri, who plays in Spain for Atletico Madrid, slithered clear of a defender,

WORLD CUP SOCCER

Ahrik Tsveiba, to shoot home from just inside the penalty area in the 50th minute.

Dmitry Khokhlov, who replaced the injured Andrei Kanchelskis at halftime, set up the Russian equalizer in the 52d with a low cross from the right that eluded Sergei Yuran. Cannavaro, sliding in behind the Russian forward, knocked the ball over the line for the equalizer.

The match was played in a steady snowfall on a surface that grew increasingly muddy as the match went on.

Gianluigi Buffon, Italy's substitute goalkeeper, made a stunning save just before the break to keep Italy at 0-0 at halftime.

Buffon, 19, replaced the injured Gianluca Pagliuca in the Italian goal in the first half and within minutes dived low to keep out a shot by Dmitry Alenichev

Although the Russians had more of the ball in the first half of the game, the Italians were solid at the back, and Popov's shot was the only real chance.

On the skiddy field, the Russians forced a series of early corners but could not break through the Italian defense.

Italy lost its goalkeeper in the 32d minute when Andrei Kanchelskis, who plays for Fiorentina in Italy, slithered into Pagliuca as they both went for a through ball. Pagliuca, the Inter Milan goalkeeper, who was replacing the injured Juventus star Angelo Peruzzi, limped off with a leg injury.

The second leg is Nov 15 in Naples. Italy has not missed the World Cup finals since 1958. The playoff rules mean that to qualify this time Italy must either beat Russia in the return leg or play a scoreless tie. Russia would qualify with a victory or a tie of 2-2 or higher. A 1-1 tie would force sudden-death overtime and possibly penalty kicks.

Croatia 2, Ukraine 0 In Zagreb, Croatia beat an unimpressive Ukraine team in the first leg of their World Cup playoff on Wednesday.

Slaven Bilic, a defender, put Croatia ahead after 11 minutes with a powerful header, and Goran Vlaovic added a second in the 49th minute.

The home side dominated the match, and Ukraine's few scoring chances came as a result of some erratic play by the Croatian defense.

Bilic capitalized on the vulnerable Ukrainian defense when he climbed high, unmarked before the goal, and connected on a perfect floated cross from Robert Prosinecki.

Just after halftime, Vlaovic scored on a breakaway, swiveling past a defender on the edge of the penalty area before hammering the ball waist high into the Ukraine net.

Croatia will be without its captain, Zvonimir Boban, and its goalscorer, Bilic, in the return leg. Both players received yellow cards and will be suspended. Boban also limped off injured in the second half on Wednesday.

The return leg will be played in Kiev. Neither country has reached the World Cup finals before.

Yugoslavia 7, Hungary 1 Yugoslavia hammered Hungary in their first-leg match in Budapest.

Branko Brnovic gave the visiting team the lead after just two minutes. Miroslav Djukic scored the second four minutes later, and Dejan Savicevic, who plays for AC Milan, put Yugoslavia ahead by 3-0 after 10 minutes. Predrag Mijatovic of Real Madrid scored the next three, in the 26th, 41st and 51st minutes. Savo Milosevic immediately replaced Mijatovic and scored the seventh goal 12 minutes later.

Bela Illes scored for Hungary in the 88th minute. *(AP, Reuters)*

Brazilian Soccer's Bizarre Squabbles

Reuters

RIO DE JANEIRO — Fighting relegation in Brazil is not just about winning matches on the field.

Teams faced with the drop have been resorting to all kinds of desperate off-the-field measures in an attempt to avoid the drop.

The Brazilian Football Confederation, or CBF, has been deluged with allegations that opposing players are ineligible as clubs either attempt to win points in the boardroom or get them deducted from their rivals.

The CBF has also been forced to quash rumors of another about-face after reinstating Fluminense and Bragantino for this year's contest after they were relegated last year. This time four teams will go down in the 26-team championship.

Bahia, 20th in the table, joined the boardroom fight this week when it claimed that little-known striker Magno Alves had been ineligible when he played for fellow strugglers Criciuma in a recent match between the two. Bahia are demanding the points from the game, which Criciuma won 2-0.

Meanwhile, the strugglers have been united in the bizarre case involving Atletico Paranaense.

Atletico was initially banned from the championship following a match-fixing scandal earlier this year. The team was then re-admitted but with a five point deduction. But confusion has reigned over when the five points would be deducted. Atletico has 29 points, which leaves them in 13th place and well out of the danger area. Without the five points, however, it would drop to 20th.

A CBF official, Luis Zveiter, on Tuesday announced that Atletico would lose the five points after their last game — but would not be relegated if their reduced total left them in the bottom four.

Many feel the real battle will start after the championship has finished, when teams who are relegated attempt to force a repetition of this year's about-face.

The CBF president, Ricardo Teixeira, promised last month: "The bottom four teams will go down this time, whether they are big or whether they are small." But with Corinthians, Brazil's second-most-popular club, among the candidates for the drop, many wonder whether Teixeira will be able to withstand the pressure on him to break his promise.

A 32-team first division has already been suggested for next year. Meanwhile, a bill introduced to Congress by Pele, the government's sports minister, could also be used.

The bill contains a proposal to allow clubs to form their own leagues independent of the CBF. If it becomes law, it could pave the way for the biggest clubs, including Fluminense and Corinthians, to set up their own championship next year.

Roy Leads Avalanche Over Sabres, 3-2

The Associated Press

Patrick Roy rebounded from his first loss of the season with a landmark victory.

Roy made 19 saves for his 355th NHL win as the Colorado Avalanche beat the Buffalo Sabres, 3-2, Tuesday

NHL ROUNDUP

night. The goalie moved into a tie with Rogie Vachon for seventh place on the career victory list.

"It's a step, I guess, and it's fun, but this is not the objective," said Roy, who was coming off a 3-1 loss at Dallas on Saturday. "Most importantly, we won this game."

Joe Sakic scored his eighth goal of the season and Eric Lacroix added the clincher for the Avalanche, who remained unbeaten at home.

"Our guys were very, very feisty in front of the net," said Marc Crawford, the Colorado coach. "They were very confrontational. That's good to see."

Buffalo goalie Dominik Hasek, last season's most valuable player in the NHL, made 16 saves, but once again the Sabres could not score for him. The Sabres have scored two goals or fewer in seven of his 11 starts.

Stars 3, Rangers 2 Richard Matvichuk scored two goals in a 72-second span of the first period as Dallas won in New York.

Matvichuk scored at 3:07 and at 4:19 of the first period to give the Stars a 2-0 lead. Both goals came with the teams skating four-on-four.

Dallas took a 3-0 lead with 23 seconds left in the first period on a goal by Joe Nieuwendyk, but New York pulled to 3-2 on a pair of goals by Mike Keane.

Kings 2, Panthers 2 In Miami, Jozef Stumpel scored the tying goal for Los Angeles with 14 seconds left, and the game ended in a tie even though Florida outshot the Kings, 26-12.

Florida led 2-0 midway through the third period, but Craig Johnson scored for Los Angeles at 11:04 and Stumpel tied it in the closing seconds after the Kings pulled goalie Stephane Fiset for an extra skater.

Steve Washburn and Jody Hull scored for Florida, which outshot Los Angeles 7-0 in the first period — the first shotless period in the Kings' 30-year history.

Mighty Ducks 2, Maple Leafs 2 Anaheim's Teemu Selanne scored the tying goal in the third period at Toronto when a shot deflected off his helmet.

Ruslan Salei's wrist shot deflected off Selanne's visor and went into the Toronto net for Selanne's eighth goal of the season. It extended his goal-scoring streak to a club-record five games.

Flames 6, Penguins 3 Jarome Iginla scored twice and rookie goalie Tyler Moss made 26 saves to win his first NHL start for Calgary. It was the Flames' second win of the season.

The Penguins ended an eight-game road trip — the longest in franchise history — with a 5-2-1 record.

The Penguins took a 3-0 lead in the first period on goals by Peter Ferraro, Ed Olczyk and Alexei Morozov. After the Flames rallied to tie on Iginla's goals and a power-play goal by Andrew Cassels, they took their first lead when Aaron Gavey scored at 4:22 of the third period. Two empty-net goals by Marty McInnis completed the scoring.

SCOREBOARD

HOCKEY

NHL STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

	W	L	T	Pts	GF	GA
Washington	7	3	1	15	38	27
Philadelphia	7	4	1	15	36	31
New Jersey	6	4	0	12	30	21
N.Y. Rangers	3	5	5	11	31	34
Florida	3	5	3	9	23	33
N.Y. Islanders	3	5	2	8	26	26
Tampa Bay	2	8	2	6	21	38

NORTHEAST DIVISION

	W	L	T	Pts	GF	GA
Pittsburgh	7	5	2	16	39	35
Boston	7	4	1	15	35	30
Ottawa	6	3	3	15	36	29
Montreal	6	3	2	14	31	20
Carolina	3	7	3	9	31	41
Buffalo	3	7	2	8	28	40

WESTERN CONFERENCE

CENTRAL DIVISION

	W	L	T	Pts	GF	GA
Detroit	9	1	2	20	47	22
St. Louis	9	2	1	19	43	25
Dallas	8	4	1	17	39	28
Phoenix	5	3	2	12	34	28
Toronto	3	6	2	8	24	34
Chicago	2	10	0	4	16	37

PACIFIC DIVISION

	W	L	T	Pts	GF	GA
Colorado	7	2	4	18	44	33
Anaheim	4	4	4	12	26	31
Los Angeles	4	5	4	12	41	39
Edmonton	4	6	1	9	23	36
San Jose	4	7	0	8	28	35
Vancouver	3	6	2	8	26	32
Calgary	2	8	2	6	31	42

TUESDAY'S RESULTS

Dallas 3 0 0—3
N.Y. Rangers 0 1 1—2
First Period: D-Matvichuk 2 (Modano, Hatcher) 2. D-Matvichuk 3 (Adams) 3. D-Nieuwendyk 5 (Verbeek, Matvichuk) Second Period: N.Y.-Keane 2 (Gretzky, Sandstrom) Third Period: N.Y.- Keane 3. Shots on goal: D- 15-9-1—25. New York 11-10-8—29. Goalies: D-Belfour. N.Y.- Richter.

Los Angeles 0 0 2 0—2
Florida 0 1 1 0—2
First Period: None. Second Period: F-Washburn 1 (Lowe) Third Period: F-Hull 2 (Dvorak, Wells) 3. L.A.-C.Johnson 2 (Stumpel, O'Donnell) 4. L.A.- Stumpel 6 (Robitaille) Overtime: None. Shots on goal: L.A.- 0-3-7-2—12. F- 7-11-6-2—26. Goalies: L.A.-Fiset. F-Fitzpatrick.

Anaheim 0 1 1 0—2
Toronto 0 1 1 0—2
First Period: None. Second Period: T-Berezin 4 (McCauley, Sundin) (pp). 2. A-Knutsen 3. Third Period: T-Sundin 3 (D.King, Berezin) 4. A-Selanne 8 (Sokic, Kucchin) Overtime: None. Shots on goal: A- 10-3-6-2—21. T- 8-8-11-4—31. Goalies: A-Shtalenkov. T-Potvin.

Buffalo 0 1 1—2
Colorado 1 1 1—3
First Period: C-Sakic 8 (Kamensky, Lemieux) (pp). Second Period: C-Corbet 2 (Sakic, Foote) 3. B-Brown 1 (Satan, Peca) Third Period: C-Lacroix 2 (Forsberg, Foote) 5. B-Brown 2 (Plante, Smehlik) Shots on goal: B-4-9-8—21. C-9-5-5—19. Goalies: B-Hasek. C-Roy.

Pittsburgh 3 0 0—3
Calgary 1 2 3—6
First Period: P-P.Ferraro 1 (Hicks) 2. P-Olczyk 6 (Barnes, Olausson) (sh). 3. P-Morozov 2 (Barnes, Brown) 4. C-Iginla 2 (Zalapski) Second Period: C-Iginla 3 (Albelin, Cassels) 6. C-Cassels 2 (Hulse, McCarthy) (pp). Third Period: C-Gavey 1 (Hulse, Nylander) 8. C-McInnis 5. (en). 9. C-McInnis 6. (en). Shots on goal: P- 12-6-11—29. C- 10-13-14—37. Goalies: P-Barrasso. C-Moss.

SOCCER

GERMAN CUP

Bayern Munich 2, FC Kaiserslautern 1

SPANISH CUP

SECOND ROUND, RETURN LEG

Celta Vigo 2, Ourense 1
(Celta won 3-1 on aggregate)

WORLD CUP PLAYOFFS

Croatia 2, Ukraine 0
Russia 1, Italy 1

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

BOSTON—Declined 1998 options on RHP Bret Saberhagen and RHP Jim Corsi. Signed LHP Brian Shouse.

TORONTO—Exercised 1998 option on LHP Dan Plesac.

NATIONAL LEAGUE

HOUSTON—Named Jeff Kuenzli general manager of Kissimmee, FSL.

SAN FRANCISCO—Exercised 1998 option on RHP Mark Gardner.

BASKETBALL

NATIONAL BASKETBALL ASSOCIATION

NBA—Suspended Sacramento F Lawrence Funderburke for 1 game and fined him $2,500 for leaving bench area during an altercation on Oct. 24.

ATLANTA—Waived F Matt Sfigenga.

CHARLOTTE—Waived G Darnell Mee.

CHICAGO—Waived C Eric Gingold. F Komel David and G Dante Calabria.

DALLAS—Waived G Jerome Allen, F Ike Nwankwo, F Carlos Strong and G Kevin Whitted.

DENVER—Waived G Sherman Douglas.

HOUSTON—Waived C Doug Brandt.

L.A. CLIPPERS—Waived G Kiwane Garris, C Nate Huffman, C Rich Manning and F Rodney McCray.

L.A. LAKERS—Waived F James Forrest.

MILWAUKEE—Waived C Acie Earl.

NEW JERSEY—Waived G Kenny Smith and C Robert Werdann. Put G Steve Henson on injured list.

ORLANDO—Acquired G Mark Price from Golden State for G Brian Shaw and F David Vaughn.

PHILADELPHIA—Waived G Derrick Phelps.

PORTLAND—Waived F Terrell Bell and G-F Jamal Robinson.

UTAH—Waived G Nate Erdmann and C Greg Dreiling.

VANCOUVER—Acquired F Tony Massenburg and future second-round draft pick from Boston for F Roy Rogers to complete earlier trade. Acquired F Sam Mack from Houston to complete earlier trade. Waived G Littleton Green, F David Booth and C Alan Ogg.

FOOTBALL

NATIONAL FOOTBALL LEAGUE

ATLANTA—Waived QB Billy Joe Tolliver and WR Freddie Scott. Signed QB Jim Miller and WR Mercury Hayes.

BUFFALO—Put LB Chris Spielman on injured reserve.

CHICAGO—Waived DT Chris Zorich and DB Terry Cousin. Signed FB Mike Dulaney and G-C Greg Huntington.

CINCINNATI—Agreed to terms with CB Corey Sawyer on 1-year contract extension.

PHILADELPHIA—Extended contract of LB James Willis through 2000 season.

ST. LOUIS—Activated OL Ryan Tucker from physically-unable-to-perform list. Released RB Ron Moore. Put S Gerald McBurrows on injured reserve.

HOCKEY

NATIONAL HOCKEY LEAGUE

ANAHEIM—Recalled C Richard Park and C Matt Cullen from Cincinnati, AHL. Sent D Dan Trebil to Cincinnati.

CALGARY—Recalled C Jim Dowd and G Tyler Moss from Saint John, AHL. Recalled D Kevin Dahl from Chicago, IHL.

ENTERTAINMENT

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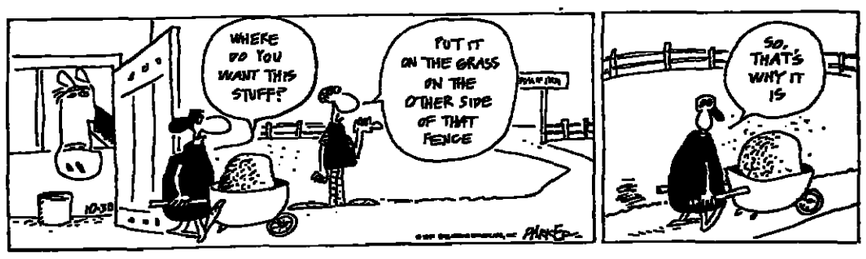


JUMBLE®

THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

TIARE

ENPAC

GARAVE

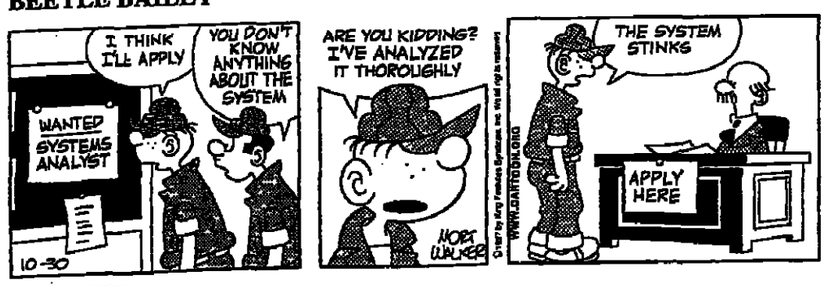
NATTEX

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: (Answers tomorrow)

Yesterday's Jumbles: CHOKE PLAIT SAILOR MAGNET
Answer: One too many clunks caused him to do this — SLEEP "TIGHT"

BEETLE BAILEY



NON SEQUITUR

DOONESBURY

BLONDIE

ART BUCHWALD

The Kidney Theory

WASHINGTON — Question: Why did the stocks belly up on Wall Street at the beginning of the week?

Answer: Nobody is quite sure. The experts believe that Bu Fang, a big investor in Hong Kong, was suffering from kidney stones. In excruciating pain, and not wishing to live, he screamed, "Sell, sell!"

Buchwald

His broker did. When Singapore traders saw the sell-off in Hong Kong, they panicked and began to unload blue chips, which sent the Bangkok exchange into orbit and drove Tokyo dealers to commit hara-kiri.

Word reached Germany, then London and finally the United States where the greatest financial minds in the world, most of whom live in Connecticut and New Jersey, were shaving. When they arrived at their offices, they all came to the same conclusion: "If Hong Kong was selling, something was rotten in Denmark."

From then on all hell broke loose in Brazil and Argentina with everyone selling and nobody buying.

Q: Did a lot of people lose a lot of money?

A: It depends on what you mean by a lot of money.

Most of their losses were not their own money. For example, if you'd bought stock at $100 and it had reached $500, you could either say that you lost $400 or that you still had your $100. People who thought they had lost $400 tried to jump out the window. Investors who felt that they had broken even went to the movies.

Q: What about the little guy?

A: Whenever anything happens in the stock market, Wall Street blames the little guy. If stocks go up, the soothsayers say that the little guy was finally getting into the game. If stocks go down, they say that the little guy was chickening out and causing a recession.

Q: What about the big guy?

A: Big guys don't panic. All the big guys are playing with other people's money. They don't feel good about losing OPM, but they don't feel bad enough to stop taking their families to dinner.

Q: The financial playing field is now global. Do you see a problem in that?

A: It depends on what the Estonian brokers decide to do with Sri Lankan bonds.

Q: Will the market come back to its previous level?

A: It could very easily if Bu Fang passes his kidney stone.

Tomb With Paintings Is Found Near Cairo

The Associated Press

CAIRO — Polish archaeologists have unearthed a 4,200-year-old pharaonic tomb near Cairo that has strikingly colored paintings on plaster of scenes of court life.

The tomb, belonging to Meref Nebf, a court minister in the 23d century B.C., was discovered near Saqqara, 30 kilometers (18 miles) south of Cairo, by researchers from Warsaw University. Zahi Hawass, director of antiquities in Giza and Saqqara, called the tomb paintings "among the most beautiful examples" of art from Egypt's Old Kingdom.

Don McCullin's Harrowing Images of War

By Roderick Conway Morris
International Herald Tribune

LONDON — For two decades Don McCullin photographed almost every major conflict in the world, from intercommunal violence in Cyprus and the Six Day War, Vietnam and Cambodia, to the Biafran catastrophe. Northern Ireland and El Salvador. His pictures — of Turkish-Cypriot families in the wake of massacres, of starving Biafran children, of brave, exhausted, and badly wounded Marines at Hue — were unmatched not only for their starkness and immediacy but also for their haunting depth of sympathy. And the courage and commitment of the man who took them were often as baffling to his colleagues in the field as to ordinary mortals thousands of miles away who found themselves, on opening a newspaper or magazine, abruptly transported to the front line.

McCullin's Nikon, with the hole punched in it from an AK-47 round in Cambodia, bears silent witness at "Sleeping With Ghosts," a panoramic retrospective of 250 photographs spanning McCullin's career at the Barbican Art Gallery (until Dec. 14), to the continual dangers he confronted to capture these unforgettable images.

A few days after McCullin's camera saved his life he was seriously wounded in another fire fight on the outskirts of Phnom Penh. Several years later, after numerous scrapes with death, he broke his hip, arm and ribs sliding off a roof during a battle in El Salvador. In 1984, after Rupert Murdoch bought the Sunday Times, the photographer, who had worked for the paper for 18 years, dared to criticize what he saw as the paper's loss of direction under its new editor Andrew Neil — who promptly fired him.

McCullin was born in 1935 and raised in Finsbury Park, which then had the reputation of being the worst area in north London. His family was poor, he was dyslexic, though good at drawing, but his hopes of going on with his education at an art school came to an end when his father died when McCullin was 14, and he had to go to work.

Three times evacuated during the Blitz, McCullin was frequently hit and abused by other boys, his schoolteachers and his reluctant hosts. This, he notes in "Unreasonable Behavior," his vividly observed, often tragic but also sometimes mordantly funny autobiography, "gave me a lifelong affinity with persecuted peoples. I know what it is like to branded uncivilized and unclean. Except that I was ostracized and ill-treated by my own people, not an alien race."

McCullin's break came in 1958 when a policeman was stabbed to death intervening in a street brawl in Finsbury Park. McCullin had been taking pictures of the toughs he had grown up with, using a Rolleicord he bought while doing his national service with the RAF in Kenya. He managed to sell some of his "snaps" to the Observer. One in particular of a gang in their sharp suits looking menacing amid the ruins of a bombed-out house, taken a few hundred yards from where the policeman was knifed, had an instant impact when it appeared in print — and still packs a punch today.

The next day McCullin woke up famous.

Offers of work poured in — which was exhilarating but also terrifying, McCullin said in an interview. "I really knew nothing about photography, and my dyslexia, which nobody understood in those days, made it terrifically difficult to read and digest the technical literature." However, his extraordinary eye for the telling detail and his intuitive grasp of composition, and a determination born of adversity, carried him rapidly to the forefront of his calling. In 1966 he joined the Sunday Times, where appreciation of his gifts won him the freedom that was instrumental in allowing him to build up the magisterial body of work now on show in "Sleeping With Ghosts" (and contained in a book of the same title).

McCullin (front) with Marines in Hue in Vietnam in 1968.

"I had a wonderful experience at the Sunday Times," McCullin said. "I was given carte blanche to do anything I wanted. I'd say to the editor: 'There's something going on in such and such a place.' And he'd say: 'Well, what are you doing standing around here? Go and get a ticket and get out there.' So I'd go off for three or four weeks and never even phone the office. And when I appeared again, they'd say in mock surprise: 'Oh, look! Don's back. He's decided to come back.' "

He always printed and edited his own pictures. The only time he parted with his rolls of film — "And I felt really sick about it," he said — was when he was ordered to airfreight them out of Phnom Penh and proceed to the fall of Saigon. "I was on the blacklist in South Vietnam by then, and was kicked out of Saigon the moment I landed. So I managed to reach London before the films arrived, and get them back again."

McCullin is still visibly grieving about being prevented by the British authorities from covering the Falklands War. "I'd been with just about every army in the world, and I felt that to be there with the British Army, my own people, was what my whole career had been a preparation for. I'd earned it with my blood and sweat." Even the Imperial War Museum's attempts to dispatch him as its official photographer were thwarted. "The government wanted a cosmeticized image of the war, a Hollywood version in which people didn't really bleed and there was no pain." His eventual sacking by the Sunday Times was inevitable, McCullin said, "because they wanted to kill off photojournalism, and promote style pieces and garden furniture instead."

"I don't do photojournalism any more because, frankly, nobody really wants it," he said. But as the last sections of his retrospective reveal, he has now turned his hand to producing marvelous pictures of the English landscape and of India, and some powerfully atmospheric still lifes.

Two years ago, he married the American aerial photographer Marilyn Bridges. The happiness he has found with her has greatly intensified his passion for the new direction in his work. "I suppose I'm trying to show her there's another me. There always was another me, but there wasn't time to bring it out when I was mixed up in all those wars." The current retrospective was in some ways an attempt to exorcise the spirits of the past and mark his new beginning, he said. "I hate being called a war photographer now. But some people say to me, 'That's what you're known for, and that's the name you'll die with.' We'll see. In the meantime, I'll at least try to confuse people a bit."

CIVIL WAR

New Battle of Gettysburg — for Its Preservation

By Stephen Barr
Washington Post Service

GETTYSBURG, Pennsylvania — The Civil War general George Meade, atop his horse and hat in hand, looks sternly into the autumn sun, surveying the battlefield where 7,000 Union soldiers turned back the bulk of 12,000 Confederates — forever remembered as Pickett's Charge.

The monument stands within a short walk of the Gettysburg National Military Park's Visitor Center, fondly remembered by many visitors for its low-tech electric map, a topographic account of the three-day battle illustrated by red, blue and butternut incandescent bulbs. Also within view of Meade's memorial is the Cyclorama Center, a concrete-and-glass home for the gigantic Paul Philippoteaux oil painting of 1884 that depicts Pickett's Charge.

Sarah L. Voisin for The Washington Post
A cavalry memorial in front of the controversial tower.

But the two outdated buildings intrude on the historic landscape, and, after three decades of use by millions of visitors, the National Park Service wants to tear them down and plow under two parking lots. The Park Service would restore the grounds to appear much as they did when soldiers fought across them in 1863.

To carry off the estimated $43 million project, the Park Service has decided to create a "public-private partnership." While there have been other public-private partnerships for park projects, this one is particularly noteworthy because of the commercial benefits to the partner.

"What we are trying to do here is relatively unprecedented," said John Latschar, the Gettysburg park superintendent.

Under the proposal, a private developer would build — and pay for — a new visitor center, a museum and storage facilities elsewhere on the battlefield or on a site outside park boundaries. The developer would get the right to set up profit-making ventures — perhaps an Imax movie theater, restaurants and retail shops — as part of the complex.

The Park Service is turning to the private sector to help meet the park's needs, officials said, because the White House and Congress, which provides Gettysburg with about $3.5 million each year, is unlikely to earmark large sums for improvements.

"Given the current climate, I can't do it with government dollars," Latschar said of his plan for Gettysburg.

Four developers have submitted plans, and Park Service officials hope to announce a winning bid within the next two weeks.

The announcement will mark only another stage of conflict over how to manage the Gettysburg battlefield. Preservationists acknowledge facilities need to be improved but say the Park Service should try other approaches — such as lobbying Congress for money or turning the project over to a nonprofit foundation.

"We've got people who are worried that this is going to be another Disneyland," said Walter Powell, president of the Gettysburg Battlefield Preservation Association.

The current visitor center dates from the 1920s and was acquired by the Park Service in 1971. Fourteen additions have left it with a choppy floor plan that thwarts efforts to tell the Gettysburg story to approximately 1.7 million visitors each year, Latschar said.

The park's museum curator, Michael Vice, and its historical architect, Richard Segars, said both buildings lack proper environmental controls.

Civil War artifacts — flags, drums, pistols, rifles and uniforms — are stored under "abysmal" conditions in a dozen unheated basement rooms at the Visitor Center.

The Cyclorama Center lacks modern fire suppression systems and some areas are without emergency exits. And the Cyclorama painting, improperly installed in 1962, has large wrinkles in the canvas, Latschar said.

Latschar said a 1996 congressional audit found the Gettysburg park needed about $75 million in maintenance.

But many preservationists lost faith in the Park Service in 1974, when the agency allowed construction of the privately owned National Tower at Gettysburg. The 310-foot (95-meter), needle-like structure rises from near the heart of the battlefield. Preservationists consider the tower an eyesore.

PEOPLE

ON his first official overseas trip since the death of his former wife **Diana** on Aug. 31, **Prince Charles** arrived in Swaziland, the first leg of a weeklong tour of southern Africa. His son **Prince Harry** did not join his father in Swaziland, but was whisked off to an undisclosed destination in South Africa, according to British officials. During a visit to Swaziland's Parliament, Charles said he and his sons were "deeply touched" by the flood of international tributes paid to the Princess of Wales after her death following a car crash. Meanwhile, Diana's family announced that its estate in Althorp, England, where the princess is buried, would be opened to the public from July 1 to Aug. 30 next year.

Odd Andersen/Agence France-Presse
Prince Charles arriving Wednesday at the airport in Mbabane, Swaziland.

□

The rock star **David Bowie** has been named Britain's richest pop musician with a personal fortune of £550 million ($916 million). Business Age magazine said Bowie has surged ahead of stars like **Paul McCartney** partly as a result of his decision in the 1980s to take control of his finances and invest overseas to avoid tax. Bowie, 50, is one of the few international pop stars who owns all the rights to his songs. McCartney is listed as Britain's second-richest star with £520 million, while the singer **Tom Jones** comes third with £275 million. In the magazine's top-50 listing, the **Spice Girls** are in 42d place, with £14.5 million for each of the five band members. Only two other women make the list: **Annie Lennox** is 34th with £26 million, and **Kate Bush** is 38th with £18.5 million.

□

The French author **Dominique Lapierre**, famed for his "City of Joy" novel on Calcutta, has launched a $100,000 medical aid project for India's cyclone-ravaged islands of the Ganges delta. The project is being funded mainly by royalties from "City of Joy." Lapierre said it involved transforming a fishing boat into a floating dispensary, designed to offer medical facilities to 300,000 people. "Each time there is a cyclone, everything is destroyed. Thousands die," he said. "You could say it's like living at the end of the world."

□

Sri Lankan Muslims have protested their government's decision to allow the BBC to film a five-part TV movie titled "Salim's Story," based on the 1981 novel by **Salman Rushdie**, "Midnight's Children." The producers chose Sri Lanka, a mainly Buddhist nation, as their location after being turned down in India. "Midnight's Children," which won the Booker prize, tells the story of a boy born during India's independence. In 1989, Rushdie came under a death threat from Iran for "The Satanic Verses," which authorities said blaspheme Islam.

□

Frank McCourt, whose book "Angela's Ashes" angered some local residents with its uncompromising depiction of his impoverished childhood, has accepted an honorary doctorate from the University of Limerick in Ireland. "Angela's Ashes," which won the Pulitzer Prize for biography this year, describes the New York-born writer's early days in the Limerick of the 1940s and '50s.

□

Hillary Rodham Clinton told the talk show queen **Oprah Winfrey** that she missed her daughter **Chelsea** "desperately." Chelsea is studying at Stanford in California. Appearing live in Chicago on Winfrey's show, the first lady added that the empty nest was "a different experience that makes it kind of fun to have all this time to yourself."

□

Is **Spike Lee** sleeping with the enemy? The filmmaker, a rabid New York Knicks fan, is making some regional cable TV spots for the Los Angeles Lakers. "Hey, I like the Lakers the best of any team in the West," Lee told Daily Variety. "I have no qualms about offering my services to other teams in the NBA besides the Knicks."

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